

Volume 17

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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

BEFORE THE HONORABLE THELTON E. HENDERSON, JUDGE

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
)	
VS.)	NO. C 14-175 TEH
)	
PACIFIC GAS AND ELECTRIC COMPANY,)	
)	San Francisco, California
Defendant.)	Friday
)	July 8, 2016
)	9:08 a.m.

TRANSCRIPT OF PROCEEDINGS

APPEARANCES:

For Plaintiff: BRIAN STRETCH
United States Attorney
450 Golden Gate Avenue
San Francisco, California 94102
HALLIE MITCHELL HOFFMAN
BY: HARTLEY M.K. WEST
JEFFREY BENJAMIN SCHENK
Assistant United States Attorneys

For Defendant: LATHAM & WATKINS, LLP
505 Montgomery Street
19th Floor
San Francisco, California 94111
BY: MARGARET TOUGH, ESQ.
STEVEN MARK BAUER, ESQ.
NICOLE C. VALCO, ESQ.
ROBERT SIMS, ESQ.

Reported by: BELLE BALL, CSR #8785, RDR, CRR
DEBRA L. PAS, CSR #11916, CRR, RMR
Official Reporters, U.S. District Court

(Appearances continued, next page)

APPEARANCES, CONTINUED:

For Defendant: CLARENCE DYER & COHEN LLP
899 Ellis Street
San Francisco, California 94109
BY: KATE DYER, ESQ.

Also Present: JAMES HAGGARTY, San Bruno
Police Department
FBI SPECIAL AGENT SANDRA FLORES
MICHAEL J. SHEPARD, ESQ.

1 **FRIDAY, JULY 8, 2016**

9:08 A.M.

2 **P R O C E E D I N G S**

3 (The following proceedings were held outside of the
4 presence of the Jury)

5 **THE CLERK:** Please remain seated and come to order.

6 **THE COURT:** Okay. We've just issued the last of our
7 serial orders on the objections to the exhibits. So they're
8 available for you to review.

9 And I want the Government to make sure they read those
10 carefully, and understand the qualifications to those
11 admissions and the foundational requirements.

12 And I'll remind everyone that we're terminating early
13 today because of a medical appointment that I have this
14 afternoon. So we'll be breaking around 12:00 today.

15 Okay? Ready to go?

16 **MS. DYER:** I have the briefest of housekeeping
17 matters. If I could, just for the record, clarify an exhibit
18 that was offered during the Arnett examination.

19 The defense offered --

20 **THE COURT:** What?

21 **MS. DYER:** During the Todd Arnett examination there
22 was an exhibit --

23 **THE COURT:** Last week?

24 **MS. DYER:** Oh, I think it was more than that ago,
25 Your Honor. It may have been actually --

1 **THE COURT:** What are we doing now?

2 **MS. DYER:** We're clarifying whether it was a defense
3 exhibit or a Government Exhibit, simply for the record.

4 **THE COURT:** Okay.

5 **MS. DYER:** We offered, and the Court admitted
6 Government's 716.

7 **THE COURT:** Uh-huh.

8 **MS. DYER:** I think I may have said "Defense," or
9 somehow that was in the record. Please be clear it was
10 Government's 716.

11 **THE COURT:** Okay.

12 **MS. DYER:** That's it, Your Honor.

13 **THE COURT:** The record will -- thank you for that
14 clarification.

15 **MS. DYER:** Thank you.

16 (Trial Exhibit 716 (Previously misidentified as D-716)
17 received in evidence)

18 (The following proceedings were held in the presence of
19 the Jury)

20 **THE CLERK:** Please be seated.

21 **THE COURT:** Okay. Good morning, and welcome back.
22 I'll remind you that we're ending early today. We're going to
23 end at 12:00 noon today, roughly.

24 Okay. You may proceed.

25 You are still under oath, Mr. Manegold.

1 **THE WITNESS:** Thank you.

2 **THE COURT:** You may proceed.

3 **MS. WEST:** Okay, thank you.

4 **WILLIAM MANEGOLD,**

5 called as a witness for the Plaintiff herein, having been
6 previously sworn and testified, was examined and testified
7 further as follows:

8 **DIRECT EXAMINATION RESUMED**

9 **BY MS. WEST:**

10 **Q** Mr. Manegold, the first exhibit we are going to look at
11 today is Exhibit 409, which you actually don't have in the
12 binder because it is electronic.

13 **MS. WEST:** So we would like to be able to show it to
14 the witness, but not up on the screens (Indicating).

15 **THE CLERK:** Okay.

16 **MS. WEST:** Are we sure we have the screens turned
17 off? Should I do something here?

18 **THE CLERK:** I don't have control of the screens. We
19 can actually physically turn them off.

20 **MS. WEST:** Okay. Then maybe we could -- with
21 Your Honor's permission, we would like to bring a laptop over
22 to Mr. Manegold so that he can individually look at something
23 on the screen.

24 This is Exhibit 409. Do you want to see the laptop first?

25 **MR. BAUER:** No, that's okay. What we need to be sure

1 is we have a really clear record about what he's testifying
2 about. If we can keep our eye on that, that will be great.

3 **MS. WEST:** Yes, it's going to be a disk. And we will
4 have him initial it (Inaudible) if you would like to. Yes?

5 **MR. BAUER:** No, I'm fine with the --

6 (Off-the-Record discussion between counsel)

7 **MR. BAUER:** Your Honor, is it okay if I stand to see
8 what he's looking at?

9 **THE COURT:** Absolutely.

10 **MR. BAUER:** Thank you.

11 (Witness examines document)

12 **BY MS. WEST:**

13 **Q** Okay, Mr. Manegold, I'm showing you what's been marked for
14 identification as Government Exhibit 409. You can scroll back
15 and forth if you want.

16 I'm going to ask if you recognize this as a PG&E
17 spreadsheet.

18 **A** Looks like it to me.

19 **Q** All right.

20 **MS. WEST:** The United States offers Exhibit 409.

21 **THE COURT:** It will be admitted.

22 **THE WITNESS:** You don't have a mouse for this thing,
23 do you? Oh, you're done? Okay, good.

24 **MS. WEST:** That's it.

25 **THE WITNESS:** All right.

1 (Trial Exhibit 409 received in evidence)

2 MS. WEST: All right. Now we can pull it up on the
3 screen, and everyone can take a look.

4 BY MS. WEST:

5 Q Mr. Manegold, while we're pulling it up, we'll just look
6 at the front, the first --

7 MS. WEST: Just the same as Mr. Manegold looked at,
8 please.

9 (Document displayed)

10 MS. WEST: Thank you.

11 BY MS. WEST:

12 Q Mr. Manegold, you said that this is a PG&E spreadsheet.
13 Is this the 2009 risk and threat spreadsheet?

14 A That's what it says.

15 Q And that's what you recognize it as.

16 A Um, yeah. I don't know if it's the final version, or a
17 revision, or what, but yeah, it is one.

18 Q And it states at the top "Final"?

19 A Even if we prepared it as -- I'm sure it is. But even if
20 we prepared it as final, it could be that we edited it until --
21 the intent was to make it the final version. And sometimes we
22 -- we have comments as we went through, and until it became
23 final it was -- it still had that header on it because that was
24 the intent, that it be that. But there could be multiple
25 versions of it.

1 Q There were various variations of this risk and threat
2 spreadsheet over a few years. Is that right?

3 A Not only a few years. There's one every year. But
4 there's also, within a year, we would -- it might be prepared,
5 people would review it, they would have comments, they would
6 say: We need to change this, we need to add that, this is
7 missing, until it became the final version.

8 Q And what is --

9 A This -- this is probably it. If you have it.

10 Q You say this is probably what?

11 A This is probably it. This is probably the final version,
12 if you have it.

13 Q How would you be able to tell if it was the final or not?
14 Would there be red lines in the draft?

15 A No. I would be probably be looking at the dates.

16 (Inaudible)

17 (Reporter Interruption)

18 **THE WITNESS:** The change dates.

19 **BY MS. WEST:**

20 Q It would be current as of whatever the most recent date
21 is? Is that what you're saying?

22 A Could you rephrase that? Sorry.

23 Q Can you please tell us how you would be able to tell if
24 this is the final version for 2009, as the title says?

25 A I would look at the other versions that were available on

1 the server and -- and I would also look at the change dates on
2 those different revisions. And I -- the latest one would be
3 the final version.

4 **Q** All right. In any event, whether there were different
5 iterations of a final version, would you agree that this was a
6 2009 risk and threat spreadsheet for PG&E?

7 **A** Yes.

8 **Q** All right. And what was the purpose of this spreadsheet,
9 please?

10 **A** This spreadsheet was prepared in -- to help calculate the
11 risk for our system and to prepare the BAP, which showed the
12 assessment dates and the threats each segment that was in an
13 HCA was to be assessed for. Or had -- be calculated to have, a
14 threat that it had.

15 **Q** And what kind of information does this spreadsheet
16 contain?

17 **A** It has pipe data. It has data about the area around the
18 pipes. It has -- it will have soil data in it.

19 It'll have, um --

20 **Q** Yes, if we can scroll down a little bit?

21 **A** I think that's it. Pipe data, soil data, consequence data
22 which would be related to information about stuff along the
23 pipeline.

24 It might have information in there too -- I don't
25 remember -- it might have information about land data that we

1 got from the state or information that we received about care
2 facilities. I can't remember all what's in here.

3 **Q** Mr. Manegold, would this also contain MOP data?

4 **A** It would.

5 **Q** Overpressure data?

6 **A** Um, it would -- the intent was to gather that data. But
7 in 2009 I don't think there is anything in there.

8 **Q** Did it contain determinations as to whether threats
9 existed?

10 **A** Yes.

11 **Q** You said it contains pipe data as well. What kinds of
12 pipe data?

13 **A** We could look. If you want to rely on my memory --

14 **Q** Sure. Which tab would we look at?

15 **A** I believe -- scroll to the right, I think. Or "Data," the
16 Data tab. Look at the Data tab.

17 (Document displayed)

18 **Q** Now, on the Data tab, do you see we have a route number?

19 **A** Correct.

20 **Q** Segment number?

21 **A** Yes.

22 **Q** And we have our mile points?

23 **A** Uh-huh.

24 **Q** Let's scroll over to the right more, please.

25 (Document displayed)

1 **MS. WEST:** That's great, thank you. Please stop.

2 **BY MS. WEST:**

3 **Q** We have Joint Efficiency. Do you see that?

4 **A** Yes.

5 **Q** The type of seam, which is Column P, do you see that?

6 **A** Yes.

7 **Q** Let's go over to -- can we expand the -- yeah, that's it.

8 Thank you.

9 (Document displayed)

10 **BY MS. WEST:**

11 **Q** So there is a SMYS column, do you see that?

12 **A** I do.

13 **Q** All right. And then if we go over to, I think it's T,
14 wall thickness, do I have that right?

15 **A** You do.

16 **Q** Outside diameter is the next column over, is that right?

17 **A** That's correct.

18 **Q** All right. And then, the columns X and Z, do these relate
19 to pressure test?

20 **A** They do.

21 **Q** Okay. And if there are zeroes, does that mean there
22 wasn't one?

23 **A** A zero for the pressure test, it just means that we don't
24 have a record of it in GIS. It may or may not have a pressure
25 test.

1 Q But that it was not maintained in GIS, if it's zero.

2 A That's correct.

3 Q Let's scroll over more, please. We have Test Duration,
4 that would be column AB. And there in AD, do you see "MAOP"?

5 A Yes.

6 Q And the next column, over SMYS_MAOP?

7 A Correct.

8 Q And then we have the MOP and SMYS MOP, correct?

9 A Correct.

10 Q We have the Allowable SMYS, that looks like column AH?

11 A Correct.

12 Q All right, let's scroll over more, please.

13 (Document displayed)

14 Q And this is a very long spreadsheet, isn't it? Many,
15 many, many columns?

16 A Yes.

17 Q Okay. That's why we're looking at it electronically. We
18 have Year of Install, which looks like AG, I think. No, no,
19 AQ.

20 Do you see Year of Install?

21 A Yes.

22 Q Okay. And so far, we talked about the importance of each
23 of these categories over the last couple of days. Correct?

24 A We've talked about a lot of them. I don't know if we've
25 covered them all or not.

1 Q Let's scroll to the right more, please.

2 (Document displayed)

3 Q All right. Let's stop there. And do you see BL and BM
4 columns, Assessment Plan -- and again, those are the -- the E
5 is Direct Assessment, I is ILI? Do you see that?

6 A Correct.

7 Q And the Last Assessment would have the letter indicating
8 the type of assessment and the year, correct?

9 A Correct.

10 Q All right. And do you happen to know, Mr. Manegold,
11 whether that information from the spreadsheet we looked at
12 yesterday regarding SMYS was pulled from a risk spreadsheet
13 like this?

14 A I don't think it was, but I don't know that.

15 Q Okay. All right.

16 MS. WEST: Thank you. We can take that down.

17 (Document taken off display)

18 BY MS. WEST:

19 Q Now, do you still have that binder?

20 A Yes.

21 Q All right. And I think in that binder, I think it goes up
22 so that you would have 508. Is that -- can you verify we have
23 508 in that binder, please?

24 (Witness examines documents)

25 A Okay.

1 **Q** Okay. Mr. Manegold, look at what is marked for
2 identification as Government Exhibit 508. Do you recognize
3 that as a document that you were involved in preparing?

4 **A** I do.

5 **MS. WEST:** United States offers 508.

6 **THE COURT:** It'll be admitted.

7 (Trial Exhibit 508 received in evidence)

8 **MS. WEST:** Let's pull up Page 1 of Exhibit 508,
9 please.

10 (Document displayed)

11 **BY MS. WEST:**

12 **Q** What is this document, if you could tell us, please?

13 **A** It's a printout of a PowerPoint presentation that Calvin
14 Liu and I made to the Pipeline Engineering Group in 2010.

15 **Q** What was the purpose of this presentation?

16 **A** They had asked us to come and talk to them about the MOP
17 rule in Subpart O.

18 **Q** Who is "they"? Who asked you?

19 **A** The pipeline engineers; I don't know if it was the manager
20 or if it was one of the senior engineers.

21 **Q** And was it -- the Pipeline Engineering Group is the name
22 of a particular group at PG&E, or was, at the time?

23 **A** Yes.

24 **Q** Okay. So they were the audience for this?

25 **A** Correct.

1 Q All right. Let's take a look, please, at Page 4, if we
2 could pull up Page 4 of this PowerPoint.

3 (Document displayed)

4 MS. WEST: Thank you.

5 BY MS. WEST:

6 Q Mr. Manegold, what information is on Page 4, please?

7 (Witness examines document)

8 A It looks like it's from Subpart O; it looks like it's
9 192.917(e)(4), I think.

10 Q All right. And that's the section that pertains to ERW
11 pipe, correct?

12 A Correct. ERW and other pipe that meets the criteria of
13 B31.8S.

14 Q Let's look now, please, at Page 7.

15 (Document displayed)

16 BY MS. WEST:

17 Q What is Page 7?

18 A It's an FAQ.

19 Q FAQ-221?

20 A Yes.

21 Q And, the question posed in this FAQ is (As read):

22 "Relative to the requirement of 192.917(e)(3),
23 how much pressure increase (above the maximum
24 experienced in the preceding five years of operation)
25 will trigger the requirement to treat the segment as

1 high risk for purposes of integrity assessments."

2 Did I read that right?

3 **A** Yes, you did.

4 **Q** What is the answer?

5 **A** Is that a question? I'm sorry.

6 **Q** What is the answer on this page?

7 **A** Oh, here.

8 **Q** The answer --

9 **A** I'm sorry; you want me to read that. Do you want me to
10 read that?

11 **Q** Yes, please.

12 **A** (As read)

13 "The rule specifies that any pressure increase,
14 regardless of amount, will require that the segment
15 be prioritized as high risk for integrity
16 assessment."

17 **Q** And you understand that to be the PHMSA guidance, correct?

18 **A** That's correct.

19 **Q** Let's take a look, please, at Page 8.

20 (Document displayed)

21 **Q** What is Page 8?

22 **A** Page 8 is another section of the federal rule for gas
23 lines.

24 **Q** And this is the one that we talked about the other day,
25 correct?

1 **A** It is.

2 **Q** 192.201?

3 **A** Yes.

4 **Q** And that section as, it says here, pertains to the
5 required capacity of pressure relieving or limiting stations?

6 **A** It does.

7 **Q** And this is where a 10 percent provision is contained,
8 correct?

9 **A** That's correct.

10 **Q** And as we discussed the other day, do you remember
11 testifying that you agree this is outside of the integrity
12 management regulations?

13 **A** It's outside of Subpart O; that's what I agreed to, yes.

14 **Q** Did you tell the pipeline engineers about a 10% percent
15 overpressure allowance?

16 **A** Oh, uh --

17 **Q** Let me ask it this way.

18 **A** Yeah.

19 **Q** Why did you include this section in this presentation?

20 **A** I don't remember exactly, but I know we were thinking that
21 10 percent overpressure allowance would be something that we
22 would be looking at for the five-year maximum that we were
23 trying to measure. We hadn't decided what we were going to do,
24 and we would have talked to them about this.

25 **Q** And what would you have told them about it, if you

1 remember?

2 **A** I don't remember exactly what I told them.

3 **Q** But you told them that this 201 provision exists?

4 **A** Yeah. And they were aware it existed, too.

5 **Q** Excuse me?

6 **A** They are aware that it existed as well; but yes, we talked
7 about it.

8 **Q** And, were you aware, Mr. Manegold, at the time, that
9 importing this 10% provision from 201 into the Subpart O
10 regulations was directly contrary to the FAQ-221?

11 **A** I was -- I was aware that any overpressure amount was
12 directly contrary to that FAQ.

13 **Q** And I think we talked about this also in the last day or
14 two. But, do you agree that there is no cushion or amount
15 specified over that is allowed under the federal rule that you
16 cite here on Page 4, regarding ERW pipe?

17 **A** I would say that on the federal rule it doesn't say one
18 way or the other.

19 **Q** And it says (As read):

20 "Operating pressure on the covered segment has
21 increased over the maximum operating pressure."

22 Correct?

23 **A** Correct.

24 **Q** And is .0001 over?

25 **A** Where did you measure it?

1 Q You're saying that over could be ambiguous. Is that
2 right?

3 A That's correct. It could take -- there are other FAQs
4 that address tool tolerance, for instance, and the FAQ -- and
5 the rule might have considered that tool tolerance.

6 Q Okay. And, the integrity management regulations in
7 Subpart O say if it's over, it must be prioritized as a
8 high-risk segment. Correct?

9 A Yes.

10 MS. WEST: Let's look at Page 1.

11 (Document displayed)

12 BY MS. WEST:

13 Q And I would like you to read Page 9 to us, sir.

14 A (As read)

15 "PG&E efforts.

16 "Box one: When rule implemented PG&E identified
17 lines that would be affected and raised the pressure
18 accordingly.

19 "Box 2: Since then, wrote and implemented
20 'RMI-06.'

21 "Box 3: Monitoring MOP's yearly to ensure MOP
22 retention.

23 "Box 4: As new HCAs are identified, other
24 segments may be affected."

25 MS. WEST: And let's look, please, at Page 13.

1 (Document displayed)

2 **BY MS. WEST:**

3 **Q** What is the purpose of this slide?

4 **THE COURT:** Read that a little slower, if you would,
5 sir.

6 **BY MS. WEST:**

7 **Q** Before you read it, what is the purpose of this slide?

8 **A** Can I read it, so then I can --

9 **Q** Yes, of course.

10 **A** Read it first.

11 (Witness examines document)

12 **A** It was to describe the role that the pipeline engineers
13 had in this effort.

14 **Q** And now, if you could please read it, and a little more
15 slowly.

16 **A** (As read)

17 "How you can help.

18 "Box 1: Only applies to transmission pipe in
19 HCAs that do not have a valid Subpart J pressure
20 test.

21 "Box 2: If assumed properties can be confirmed
22 as better than what is assumed, it may drop out of
23 manufacturing threat program.

24 "Box 3: If valid pressure test done, it can
25 drop out."

1 Q Thank you.

2 I'm going to ask you to turn to -- I think it is the next
3 in your binder, should be Exhibit 533.

4 Mr. Manegold, do you recognize Exhibit 533 as an email
5 chain -- at the top it would be from Calvin Liu, correct?

6 A Yes.

7 Q Who reported to you at this time in 2010?

8 A He did.

9 Q And you're included on the email chain lower down.
10 Correct?

11 A Yes.

12 Q Actually, I believe this exhibit has already been
13 admitted. 533.

14 THE CLERK: It has.

15 MS. WEST: It was admitted July --

16 THE COURT: It has been, yes.

17 MR. BAUER: I have an email from you, saying it was
18 withdrawn.

19 MS. WEST: 533?

20 MR. BAUER: Yeah, 533. But I'll tell you what --

21 MS. WEST: It's already admitted in evidence.

22 MR. BAUER: I'm fine with your questioning on it.

23 MS. WEST: Let's pull up Page 1 of 533, please.

24 (Document displayed)

25 MS. WEST: And let's go about -- the bottom half,

1 that email right there, right. That's fine. Thank you.

2 (Document displayed)

3 **BY MS. WEST:**

4 **Q** Okay. Mr. Manegold, let's look at the email. And you see
5 yourself on the To line here?

6 **A** I do.

7 **Q** This is from Calvin Liu?

8 **A** Yes, it is.

9 **Q** All right. And it says (As read):

10 "Pipeline engineers,

11 "As presented in last week's PLE meeting, a

12 number of pipe segments that have a potential

13 manufacturing threat may lose their published MOP due

14 to depression in operating pressure that exceeds 5

15 years."

16 Do you see that?

17 **A** I do.

18 **Q** And do you know if this is referring to -- "Last week's
19 PLE meeting" is referring to the slide that we just looked at?

20 **A** I believe it is.

21 **Q** (As read)

22 "Please review the attached spreadsheet of

23 segments affected in your area and take notice of the

24 upcoming dates."

25 What is the purpose of taking note of the upcoming dates?

1 **A** The pipeline engineers are responsible for making sure
2 that the pressures are raised or lowered -- or raised if it can
3 be raised.

4 So the purpose of Calvin's data gathering was to find out
5 those segments that might lose their ability to operate at a
6 five-year maximum if the pressure wasn't raised to that amount.
7 And he was notifying the engineers to say: This is that
8 maximum. If you don't meet that date, we will lose the ability
9 to operate at that pressure without activating a manufacturing
10 threat.

11 **Q** Thank you. The email continues:

12 "Note that this spreadsheet will contain
13 additional or removed segments from the original and
14 will continue to be updated yearly."

15 And finally, it says:

16 "Please direct all questions regarding this
17 project to me..."

18 "Me" being Calvin Liu, correct?

19 **A** That's correct.

20 **Q** (As read)...

21 "...as I have taken over this project from Gene
22 Muse."

23 Now I think that you mentioned yesterday, I believe, that
24 you had originally asked Gene Muse to take care of this
25 tracking project?

1 **A** That's correct.

2 **Q** And then at some point it sounds like Calvin Liu took over
3 that project from Mr. Muse.

4 **A** Calvin joined our group in January, and he took over the
5 work at that time.

6 **Q** January of 2010.

7 **A** Correct.

8 **Q** And below, do you see embedded here one of the
9 spreadsheets -- well, there's "MOP control.PowerPoint" and then
10 there's "MOP tracking dates 2010 to 2015," and that being an
11 Excel document.

12 Do you see that?

13 **A** I do.

14 **Q** Let's look at the email that's above this, if we could,
15 please.

16 (Document displayed)

17 **BY MS. WEST:**

18 **Q** All right. This is an email from a Rick Brown. Is that
19 correct?

20 **A** Yes.

21 **Q** Who is Rick Brown?

22 **A** I believe his title was Manager of Gas Transmission
23 Planning at this time.

24 **Q** And he writes --

25 **A** Could have been Distribution as well.

1 **Q** And he writes to Mr. Liu (As read):

2 "Calvin -

3 "Is the date in column B the date that pressure
4 must be raised by to avoid a drop in MOP? Do we have
5 to raise the pressure to exactly the MOP in order to
6 retain the MOP (usually regs are set a few PSI below
7 MOP)?"

8 So, a couple of questions here, Mr. Manegold. First of
9 all, these are talking about planned pressure increases, right?
10 To retain that five-year MOP?

11 **A** Right.

12 **MR. BAUER:** Objection, calls for speculation. He's
13 not on this part of the email, Your Honor.

14 **THE COURT:** Do you know the answer to that question,
15 sir?

16 **THE WITNESS:** Could you repeat it again?

17 **MS. WEST:** Could we read that back, please?

18 (Pending question read back by the Reporter)

19 **THE WITNESS:** That's correct.

20 **BY MS. WEST:**

21 **Q** And were there also unplanned --

22 **MR. BAUER:** I'm sorry; I need a ruling on the
23 objection, please.

24 **THE COURT:** Pardon?

25 **MR. BAUER:** I don't think you -- I might not have

1 heard you, Your Honor. I objected for lack of foundation
2 because he is not on the email, and I'm not sure I heard a
3 ruling, but then the witness answered.

4 **THE COURT:** Your objection wasn't for lack of
5 foundation, Counsel.

6 **MR. BAUER:** He -- he is not on -- he is not on the
7 email, so it's lack of foundation, speculation -- he doesn't
8 have personal knowledge that --

9 **THE COURT:** Okay.

10 **MR. BAUER:** Just that basic objection.

11 **THE COURT:** Okay. Okay. I gotcha. And it's
12 preserved for the record. And I should say that all previously
13 written and spoken objections are preserved for the record, so
14 that you don't have to continue making them. But this is a new
15 one. I understand.

16 **MR. BAUER:** Okay. Thank you.

17 **THE COURT:** Okay.

18 **BY MS. WEST:**

19 **Q** Mr. Manegold, you understood from the email that you are
20 on, as well as Rick's response to Calvin, that these pertain to
21 planned pressure increases. Correct?

22 **A** I do understand that, yes.

23 **Q** Were there occasions where the five-year maximum operating
24 pressure was exceeded during planned pressure increases?

25 **A** Are you asking me if I knew that at this time? Or are you

1 asking me if I know that today?

2 **Q** Let's do it one at a time.

3 **A** Okay.

4 **Q** Do you know that today?

5 **A** And do I know that they exceeded the target pressure? Is
6 that the question?

7 **Q** The question is: Are you aware of there being any
8 exceedance over the five-year MOP as a result of planned
9 pressure increases?

10 **A** On an HCA segment?

11 **Q** Yes.

12 **A** No, I'm not aware of that.

13 **Q** You are not aware of that.

14 **A** No.

15 **Q** Are you aware of there having been any exceedances over a
16 five-year MOP that resulted from an unplanned pressure
17 increase?

18 **A** On an HCA segment?

19 **Q** On an HCA segment.

20 **A** I don't know.

21 **Q** And I take it if you say you don't know that now, that you
22 would not have known that before, either?

23 **A** That's correct.

24 **Q** Let's look at Calvin's response here. Says (As read):

25 "Rick, you are correct. The date in column B is

1 the five-year anniversary date in which MOP was last
2 reached. In order to maintain this MOP, the pressure
3 must be raised to exactly the MOP."

4 Do you see that?

5 **A** I do.

6 (Document displayed)

7 **Q** And what does Calvin say after that?

8 **A** "...but no more than 10 percent over."

9 **Q** Mr. Manegold, this email chain, it goes through March of
10 2010. Right?

11 **A** Yes.

12 **Q** Do you recall at this time that there was an upcoming
13 audit?

14 **A** Yes.

15 **Q** Who was that audit with, if you remember?

16 **A** The CPUC.

17 **Q** And did you have any role in preparing for that audit?

18 **A** I did.

19 **Q** Did you participate in that audit?

20 **A** I did.

21 **Q** Why don't you tell the jury, please, what the purpose of
22 an audit is, particularly with the CPUC.

23 **A** Well, the CPUC audit in this case was to review our
24 Integrity Management Program. And for them to determine
25 whether we were in compliance with the rules.

1 They use a series of protocols that they have developed,
2 and they ask us a series of questions, and we answer them.
3 They look at documents that -- they ask for documents, and we
4 provide them. And at the end, they issue a report that tells
5 us whether we were in compliance or not.

6 **Q** Do you recall whether the topic of potential overpressures
7 was an issue that PG&E was considering leading up to this
8 audit?

9 **A** Yes.

10 **Q** And was it in particular a topic that was on your mind
11 leading up to this audit?

12 **A** It was.

13 **Q** Were you involved in writing something referred to as a
14 "white paper" about that particular issue?

15 **A** I was.

16 (Document taken off display)

17 **Q** What was your -- well, let me ask you this way. How did
18 you come to be involved in a white paper about the overpressure
19 issue?

20 **A** If I'm going too far back, you can cut me off. But in the
21 fall of 2009, we knew that there was an audit coming up with
22 the CPUC.

23 And I went and talked to my supervisor and let her know
24 that I thought we were unprepared for the audit, and I thought
25 we didn't have enough resources to address the issues that

1 would come up in the course of that audit.

2 **Q** When you say you talked to your supervisor, who was that?

3 **A** Sara Burke.

4 **Q** Okay.

5 **A** And Sara agreed, and she sought outside help to help us
6 prepare for that audit. She let a contract with Mears Group,
7 and hired Chris Warner who had been the previous manager of
8 System Integrity to help us prepare for that audit.

9 Chris met with us, I think it was first in probably
10 December. And he asked each group to come up with a list of
11 items that they were most concerned about for the audit that
12 was coming. And --

13 **Q** Let me pause you again.

14 **A** Sure.

15 **Q** Was the white paper your idea?

16 **A** I don't remember.

17 **Q** I'm going to direct you to the same grand jury transcript
18 that we looked at yesterday.

19 **MS. WEST:** This is February 12, 2013. And we're
20 looking at Page 150, beginning, Line 12.

21 **THE WITNESS:** Line 12?

22 **BY MS. WEST:**

23 **Q** Yes. Line 12.

24 Here, you're talking about -- actually, let's back it up
25 to Line 10.

1 Do you see, you testified in the grand jury (As read):

2 "Prior to the audit in 2010 that we had -- that
3 we talked about preparing for 2009, I thought this
4 might be an issue that would come up."

5 And you are referring to --

6 **A** So I did -- so I was the one that thought about it.

7 **Q** And you are referring to the overpressurization issue,
8 correct?

9 **A** Yes.

10 **MR. BAUER:** Objection. We should do this question
11 and answer through the transcript, not just pulling little
12 lines out of the middle of answers. So I don't know what you
13 call that objection, but that's --

14 **THE COURT:** Okay. Completeness, let's have
15 completeness.

16 **MS. WEST:** Okay.

17 **BY MS. WEST:**

18 **Q** "And what was" -- now same page, Line 1:

19 "And what was -- did you talk about it with Sara
20 Peralta?"

21 **"ANSWER:** I did."

22 Mr. Manegold, are you talking about the overpressurization
23 issue?

24 **A** Yes.

25 **Q** Okay.

1 **"QUESTION:** And what was her response?"

2 Why don't you say your answer, please?

3 **A** Which line are we on?

4 **Q** Line 5.

5 **A** Line 5.

6 **"ANSWER:** The first time I talked to her
7 about it she had been -- just been supervisor
8 four or five days. She took a lot of notes.
9 She listened but I don't remember any
10 particular response. Then we discussed it in
11 subsequent meetings and I -- sitting here
12 now, I don't remember, other than prior to
13 the audit in 2010, that we had -- that we
14 talked about preparing for 2009. I thought
15 this might be an issue that would come up and
16 I wanted to prepare a memo describing how we
17 had treated lines that had some amount of
18 overpressurization."

19 **Q** And the rest of that?

20 **A** (As read)

21 "She commented on it but her comments were she
22 didn't understand the issue."

23 **Q** Okay. Mr. Manegold, let's look at that phrase, just
24 before that last sentence. You said you wanted to prepare a
25 memo describing how we -- and is "we" PG&E?

1 **A** Correct.

2 **Q** How PG&E had treated lines that had some amount of
3 overpressurization. Correct?

4 **A** That's correct.

5 **Q** So at that time you knew that there had been
6 overpressurization on lines. Correct?

7 **A** Yes.

8 **Q** And your white paper that you wrote had to do with HCA
9 segments. Correct?

10 **A** Right. I just don't know if the HCA segments were
11 overpressurized. We measure --

12 **Q** You are saying that you knew lines were overpressurized;
13 you just didn't look at whether it pertained to particular
14 segments? Is that your testimony?

15 **A** We only measure pressure at a single point, at a station.
16 And most of the segments that we're concerned about are
17 downstream of that, and we don't have pressure measuring points
18 there. So we don't know exactly what the pressure is
19 downstream.

20 So we don't know for sure whether it's overpressurized or
21 not. And so -- unless we have another pressure monitoring
22 points downstream.

23 **Q** Mr. Manegold, is the pressure measured at the same place
24 for both the five-year MOP and to assess the highest pressure?

25 **MR. BAUER:** Objection, vague and compound. Which --

1 **BY MS. WEST:**

2 **Q** Do you understand my question?

3 **THE COURT:** Vague?

4 **THE WITNESS:** I'm not sure.

5 **MR. BAUER:** Vague and compound, which location.

6 Asking about hundreds of locations in one question.

7 **THE COURT:** Rephrase.

8 **BY MS. WEST:**

9 **Q** Mr. Manegold, is there -- what is the place called where
10 one measures the five-year MOP for a line?

11 **MR. BAUER:** Same objection.

12 **BY MS. WEST:**

13 **Q** Is it called a regulator?

14 **A** We -- we use a -- a pressure transmitter which is
15 installed near the regulator, as a proxy for pressure on the
16 rest of the line.

17 **Q** Is that where the SCADA data comes from?

18 **A** That's correct.

19 **Q** Okay. Is it possible for PG&E to install these
20 transmitter -- is that what you call them, "transmitters"?

21 **A** Yes.

22 **Q** Is it possible for PG&E to install transmitters along
23 every segment of a pipeline? I'm asking: Possible.

24 **A** Physically possible?

25 **Q** Physically possible.

1 **A** Um, it can be put into the line. I don't know if you can
2 get the space necessary to put in the telemetering equipment
3 necessary to transmit what you have found.

4 **Q** How much space does one of those pieces of equipment take
5 up?

6 **A** Well, you need to -- they don't take much. But you need
7 the communications equipment to go with it. Because it's got
8 to be able to transmit it.

9 **Q** Okay. How much space does that require?

10 **A** Space for a cabinet. So maybe as big as this desk here
11 (Indicating).

12 **Q** So you approximated about maybe two and a half to three
13 feet?

14 **A** Yeah. As deep as this. That's as much space as you need.

15 **Q** Is there anything that physically prevented PG&E from
16 putting these monitors every two and a half to three feet on
17 its pipelines?

18 **A** Well, they're in the middle of city streets, and there's
19 sewer lines. So yeah, there would be physical interferences
20 with other utilities. And so, yeah, there are some physical
21 interferences. There are some reasons you can't do that.

22 **Q** Is it physically impossible?

23 **A** I don't know, because --

24 **Q** Would it be costly?

25 **A** Yes.

1 Q And PG&E chose not to do that, correct?

2 A That's correct.

3 Q And where did PG&E choose to put its transmitters?

4 A At regulator stations where they could be maintained. And
5 at -- and at -- and where they were concerned about the highest
6 pressure on the pipeline being.

7 Q Okay. And where it was concerned about that highest
8 pressure, that's where the transmitter went, and that's where a
9 measurement was taken. A SCADA measurement. Correct?

10 A Right. There's other -- there's other SCADA points in a
11 system, and it's not always at the regulator station as the
12 only spot. It depends on how important the line is, depends on
13 a bunch of other issues. But --

14 Q Who chose where to put the SCADA transmitter points?

15 A I don't know.

16 Q Was it PG&E?

17 A Yes.

18 Q Okay. Now, you mentioned that this issue, being the
19 potential overpressurization, was something that was on your
20 mind as the audit approached. Correct?

21 A It was.

22 Q Was it an important issue to you?

23 A It was. I would say it's probably the most important
24 issue. Certainly, at the time of the audit, it was the most
25 important issue, I thought. Leading up to the audit, it was

1 still probably most important.

2 **Q** Would you agree that it was your number-one concern?

3 **A** It was.

4 **Q** Did you think that PG&E had a good enough response to that
5 issue?

6 **A** No, I did not.

7 **Q** Would you agree that your solution was to write a white
8 paper?

9 **A** Um --

10 **Q** Let me rephrase that. That PG&E's solution was for a
11 white paper --

12 **A** That is what we decided to do, yes, to address it.

13 **Q** Did you think that that was a good solution?

14 **A** Writing a white paper -- yes, I thought a white paper was
15 a good solution.

16 **Q** You did?

17 **A** I didn't think me writing a white paper was a good
18 solution.

19 **Q** Why not?

20 **A** Well, because I'd been wrestling with this problem for
21 some time, and I didn't know what to do.

22 A white paper is a technical review and -- a complete
23 review of a topic to figure out what you should -- how you
24 should deal with a particular problem. And I didn't have the
25 answer.

1 Q Mr. Manegold, I would like to have you look, please, at
2 Page 159 of the same transcript you have in front of you.

3 (Request complied with by the Witness)

4 Q And before we get to that, you mentioned that Mears came
5 to be involved in preparing for the audit. Correct?

6 A They did.

7 Q And in particular, a Chris Warner?

8 A That's correct.

9 Q And did Chris Warner have any thoughts that he imparted to
10 you about a white paper?

11 A Um, he -- ultimately, yes, he provided comments to me on
12 -- when we talked, and he provided comments when I wrote the
13 paper that I wrote.

14 Q Who instructed you to write the white paper?

15 A Chris made the assignments. I could have turned it down.
16 But Chris made the assignments.

17 Q Okay. And you said that you thought it was a good idea to
18 write the white paper, but not for you to write it. Correct?

19 A Correct.

20 Q Did you think it was a terrible idea for you to write it?

21 A I did.

22 Q Did you think that it was probably the best that PG&E had,
23 short of saying you were going to assess all those lines?

24 MR. BAUER: Objection, vague.

25 THE COURT: I'm going to sustain that because I don't

1 -- vague to me. So rephrase, if you would, Counsel.

2 **BY MS. WEST:**

3 **Q** Mr. Manegold, did you think that you writing the white
4 paper was the best solution that PG&E had, short of assessing
5 all overpressured lines?

6 **A** I did.

7 **Q** Let's take a look, please, at Exhibit 549. Do you know
8 what this is?

9 **A** Yes, I do.

10 **Q** What is it?

11 **A** It's the -- it's a version of the memo that we were just
12 talking about, but it's written by Calvin Liu.

13 **MS. WEST:** The United States offers Exhibit 549.

14 **THE COURT:** It will be admitted.

15 (Trial Exhibit 549 received in evidence)

16 **MS. WEST:** Can we please pull up the top half of the
17 first page.

18 (Document displayed)

19 **BY MS. WEST:**

20 **Q** Let's take a look at Exhibit 549, Mr. Manegold. As you
21 said, this was a version written by Calvin Liu, correct?

22 **A** That's correct.

23 **Q** Do you see the date on here?

24 **A** Yes.

25 **Q** April 12, 2010?

1 **A** Yes.

2 **Q** Was that before the audit?

3 **A** It was.

4 **Q** And the Subject line here?

5 **A** "MOP + 10% Allowance."

6 **Q** And then it says:

7 "MEMO TO FILE."

8 Correct?

9 **A** It does.

10 **Q** Do you know why this was a memo to file?

11 **A** As opposed to --

12 **Q** A memo to an individual.

13 **A** Oh. A memo to file would be what we often used to
14 document program steps or -- or actions or information about
15 the program that didn't fit in the procedures, or didn't fit in
16 another kind of a document that we would make.

17 **Q** Thank you.

18 **MS. WEST:** Let's look at the first paragraph.

19 **BY MS. WEST:**

20 "This memo to file documents that the operating
21 pressure in a pipeline with a manufacturing seam
22 threat, that has previously not been pressure tested,
23 will not activate unless the historical maximum
24 operating pressure (MOP) plus 10 percent is
25 exceeded."

1 Do you see that?

2 **A** I do.

3 **Q** And then it lists the PG&E usage of MOP versus MAOP.
4 Correct?

5 **A** Yes.

6 **Q** And then it states (As read):

7 "The historical MOP is obtained based on the
8 hourly averages in SCADA for the highest operating
9 pressure for five years preceding December 17, 2004,
10 the date at which the baseline assessment plan was
11 signed/determined."

12 Do you see that?

13 **A** I do.

14 **Q** (As read)

15 "The highest historical operating pressures in
16 the five years from December 17, 1999 to December 17,
17 2004 were then established as the new MOP for
18 pipelines with manufacturing seam threats."

19 Did I read that correctly?

20 **A** Yes, you did.

21 **Q** The white paper continues:

22 "Currently..."

23 And it refers to Section 192.917(e)(3), correct?

24 **A** Correct.

25 **Q** (As read)

1 "...does not specify any allowance past MOP for
2 ERW pipe."

3 Correct?

4 **A** Correct.

5 **Q** And there it underlines the language that we looked at
6 previously, where it says:

7 "increased over the maximum operating
8 pressure..."

9 Correct.

10 **A** Correct.

11 **Q** Below that indented language it states:

12 "Similarly, ASME B31.8S, at A..."
13 -- that's Appendix, right?

14 **A** That's correct.

15 **Q** (As read):

16 "...Appendix 4.4, integrity assessment does not
17 specify an allowance either."

18 Correct?

19 **A** Correct.

20 **Q** And then it quotes some language from ASME. Correct?

21 **A** Yes.

22 **Q** And below that, it quotes FAQ-221 from PHMSA. Correct?

23 **A** Correct.

24 **Q** In particular, the answer that you read to us a few
25 minutes ago (As read):

1 "The rule specifies that any pressure increase,
2 regardless of amount, will require that the segment
3 be prioritized as high risk."

4 Correct?

5 **A** Correct.

6 **Q** The white paper continues that (As read)

7 "This, the Code, Part 192, and ASME B31.8S do
8 not state any allowance (over or above) MOP, nor do
9 they indicate the amount..."

10 I'm sorry, I've gone to Page 2.

11 (Document displayed)

12 **MS. WEST:** There we go. Thank you.

13 **BY MS. WEST:**

14 **Q** (As read):

15 "...nor do they indicate the amount over MOP for
16 pipelines with manufacturing seam threats to activate
17 and thus require assessments."

18 Am I reading correctly so far?

19 **A** That's what the memo says.

20 **Q** (As read)

21 "Although PHMSA FAQs further state that any
22 pressure increase regardless of amount will require
23 assessment, PG&E will interpret that an allowance of
24 MOP + 10% is suitable before the pipeline with a
25 manufacturing seam threat must be assessed."

1 Correct?

2 **A** It does say that.

3 **Q** Okay. Let's go down, there, then it says, the Code -- it
4 talks about the Code 192.201's 10 percent, correct?

5 **A** Yes.

6 **Q** And below that, it says:

7 "PG&E interprets this section of the Code..."

8 That being 201, right?

9 **A** Yes.

10 **Q** (As read)

11 "...to also apply to transmission lines. Once
12 the operating pressure exceeds the MOP (historical
13 operating pressure) by greater than 10%, the affected
14 pipe shall then be subject to hydrotest or other
15 approved assessment technology."

16 Did I read that correctly?

17 **A** Yes, you did.

18 **Q** All right. Let's look now at Exhibit 553.

19 Mr. Manegold, is Exhibit 553 an email chain between a
20 Chih-Hung Lee and Calvin Liu?

21 **A** Yes, it is.

22 **Q** And did Mr. Lee report to you at this time as well?

23 **A** Yes.

24 **MS. WEST:** The United States offers Exhibit 553.

25 **THE COURT:** It will be admitted.

1 (Trial Exhibit 553 received in evidence)

2 **MS. WEST:** Let's start, please, with the bottom half
3 of Page 1. Actually, the bottom quarter of Page 1 is fine.

4 I take it back, let's do the whole bottom half first.
5 Thank you.

6 (Document displayed)

7 **BY MS. WEST:**

8 **Q** Okay. And now we're looking at Calvin Liu's email to
9 Chih-Hung Lee. Correct?

10 **A** Correct.

11 **Q** April 21st, 2010?

12 **A** Yes.

13 **Q** All right. And, Mr. Lui writes (As read):

14 "Chih-Hung,

15 "Please use this as the reference for LF ERW
16 pipe..."

17 That's low frequency ERW, correct?

18 **A** That's correct.

19 **Q** (As read)

20 "...that I'm tracking, it is the most up to date
21 list that I maintain weekly."

22 And there is embedded a spreadsheet, right?

23 **A** That's correct.

24 **Q** He states:

25 "I am aware and tracking Line 153..."

1

2 **A** All right. Small point.3 **Q** Yes.4 **A** Probably doesn't make any difference, but the
5 spreadsheet's -- that's just a pointer to the spreadsheet.
6 The spreadsheet's not embedded.7 **Q** It's not a link?8 **A** It's a link. It's not the -- it's not an embedded
9 document.10 **Q** It's a hyper link, correct?11 **A** Yeah.12 **Q** And below that chart it states (As read)13 "If you have time, can you also look at the
14 white paper I am drafting regarding the 10% MOP
15 allowance?"

16 Do you see that?

17 **A** I do.18 **Q** And there is a link to that document. Correct?19 **A** Correct.20 **Q** Below that, it says:21 "FYI - we have about 187 miles with this
22 threat."

23 Do you see that?

24 **A** I do.25 **Q** All right. And, then Mr. Lee, if we look at the top of

1 Page 1, responds to Mr. Lui that his comments are in the
2 attached file. Do you see that?

3 (Witness examines document)

4 **A** Yes. Yes, yes. I'm sorry.

5 **Q** Top of Page 1.

6 **A** Yes.

7 **Q** Okay.

8 **MS. WEST:** And can we look, please, at Page 2 of this
9 document.

10 (Document displayed)

11 **MS. WEST:** All right. If we could enlarge the bottom
12 part where we see some highlighting.

13 (Document displayed)

14 **BY MS. WEST:**

15 **Q** And it appears that he's highlighted the word "over"?

16 **A** Yes.

17 **Q** And let's look at Page 3, please.

18 (Document displayed)

19 **MS. WEST:** And if we could enlarge the top half where
20 we have the highlighting as well.

21 (Document displayed)

22 **MS. WEST:** Thank you.

23 **BY MS. WEST:**

24 **Q** He's highlighted the word "above," correct?

25 **A** Yes.

1 Q And, under FAQ-221, that "any pressure increase,
2 regardless of amount" has also been highlighted. Correct?

3 A Correct.

4 Q Let's look, please, at Exhibit 560. Do you recognize this
5 as an email chain including yourself?

6 A Yes.

7 Q In April of 2010?

8 A Yes.

9 MS. WEST: The United States offers Exhibit 560.

10 THE COURT: It will be admitted.

11 (Trial Exhibit 560 received in evidence)

12 (Document displayed)

13 BY MS. WEST:

14 Q And I would like to start, please, at the bottom of
15 Page 1.

16 (Document displayed)

17 MS. WEST: Thank you.

18 BY MS. WEST:

19 Q The bottom of Page 1 is an email from Calvin Lui to
20 yourself and Frank Dauby, is that right?

21 A Yes.

22 Q And this is a few days later, still April of 2010?

23 A Yeah.

24 Q The email states (As read):

25 "Bill & Frank,

1 "Using the preceding 5-years to determine
2 maximum historical operating pressure (as defined
3 below), there are approximately 84 miles or 443
4 segments of pipeline with a manufacturing threat that
5 has exceeded MOP."

6 Do you see that?

7 **A** I do.

8 **Q** And there, here's a link, or rather, a file: "Exceeding
9 MOP"?

10 **A** That is the name of the file, yes.

11 **Q** It says:

12 "Other notes:

13 "None of the segments have exceeded MOP plus
14 10%."

15 Do you see that?

16 **A** I do.

17 **Q** And below that:

18 "55 segments have pressure test data (as
19 indicated in GIS) and could possibly be removed if
20 STPRs are found."

21 Do you see that?

22 **A** I do.

23 **Q** Can you please tell us the distinction between having
24 pressure test data and having STPRs?

25 **A** If the line has been pressure tested, the five-year --

1 through the FAQs, the five-year MOP rule doesn't apply. The
2 strength test qualifies the line to operate at the MAOP,
3 whether it's seen that pressure in the last five years or not.

4 **Q** Is that true, only if strength test pressure reports
5 meeting the provisions in the Code exist?

6 **A** For -- for lines that have the -- that are subject to the
7 manufacturing threat, yes. It doesn't apply to DSAW lines;
8 doesn't apply to lines with a joint efficiency of 1.

9 **Q** And what if there are -- if there is some data, but not
10 complete strength test pressure reports meeting all the Code
11 requirements?

12 **A** The Code says it has to meet the requirements of
13 Subpart J. And that would include all those record
14 requirements that you just alluded to.

15 **Q** And is that why, if you know, Mr. Lui is saying that the
16 55 segments that appear to have some pressure test data as
17 indicated in GIS could be possibly removed if the STPRs are
18 found?

19 **MR. BAUER:** Objection; calls for speculation.

20 **THE COURT:** Do you know the answer to that?

21 **THE WITNESS:** Is that -- he's mentioning it because
22 -- say that again?

23 **BY MS. WEST:**

24 **Q** Do you understand Mr. Lui to be drawing a distinction
25 between the existence of some pressure test data in GIS and

1 actually finding STPRs?

2 **A** Um --

3 **Q** Let me ask you --

4 **A** Yes. Yes.

5 **Q** Okay. And let me ask it this way: Is it sufficient under
6 the Code for there to be some information in GIS? Does that
7 count as a qualified pressure test?

8 **A** Um, it depends what the information in GIS is.

9 **Q** The Code requires an STPR. Correct?

10 **A** It doesn't call it that. I think there's like seven or
11 eight things that have to be retained for the life of the
12 facility on the test. And PG&E stores them on that strength
13 test pressure report.

14 **Q** Okay. Thank you for that clarification. You said seven
15 or eight things that the Code requires for it to be complete.
16 Correct?

17 **A** Yes.

18 **Q** And if some of those are missing, is it a complete and
19 valid pressure test record?

20 **MR. BAUER:** Objection; calls for a legal conclusion.

21 **THE COURT:** You may answer.

22 **THE WITNESS:** That's what I believe. If it doesn't
23 have the requirements of the Code for a complete test, it's not
24 a complete test.

25

1 **BY MS. WEST:**

2 **Q** And were you familiar in the course of your job for -- I
3 can't remember, I think it was three decades at PG&E -- with
4 the requirements under the Code for strength test pressure
5 reports?

6 **A** I don't know if I was at this time, but I was at different
7 times.

8 **Q** Are you now?

9 **A** No, I would have to get that book back.

10 **Q** Okay. You remember there being seven or eight
11 requirements?

12 **A** Yes, yes.

13 **Q** Correct?

14 **A** Yes.

15 **Q** And you know enough to know that if they were not all
16 maintained, that it was not a complete record, under the Code.

17 **MR. BAUER:** Same objection, Your Honor.

18 **THE COURT:** Same ruling.

19 **THE WITNESS:** I didn't consider it a complete record.

20 **BY MS. WEST:**

21 **Q** Let's look at Page 2. The very bottom, please.

22 (Document displayed)

23 **MS. WEST:** Thank you.

24 **BY MS. WEST:**

25 **Q** At the end of his email, Mr. Lui refers again to FAQ-221.

1 Correct?

2 **A** He does.

3 **Q** And in particular:

4 "The rule specifies that any pressure increase,
5 regardless of amount, will require that the segment
6 be prioritized as high risk for integrity
7 assessment."

8 Do you see that?

9 **A** I do.

10 **Q** Let's look back at Page 1, the middle of the page. And
11 this is Frank Dauby's response to Mr. Lui and to yourself.

12 Correct?

13 (Document displayed)

14 **A** Yes.

15 **Q** Mr. Dauby writes (As read):

16 "How did you calculate the 84 miles as I only
17 get 44.12 miles when I added up the footages in
18 column AQ? Also, are all of these miles in HCA?
19 Seems like there are a lot of assumed values in the
20 pipe specification values that would likely be..."

21 I think he means "our" --

22 "...our first way to address these. I'm
23 confused as to what happened to all the work that
24 Gene did on this issue."

25 Do you see that?

1 **A** I do.

2 **Q** And he's referring to Gene Muse?

3 **A** Yes.

4 **Q** And Mr. Lui responds, if we look at the very top of
5 Page 1.

6 (Document displayed)

7 **Q** He says (As read):

8 "My apologies I sent out the excel file with the
9 filter on column S set to 'LOSS MOP.' Please set
10 that filter to 'ALL'. Then all rows for the
11 spreadsheet will show up and the footages will sum to
12 84 miles."

13 **A** That's correct.

14 **Q** He continues:

15 "Yes - all these segments are in HCA and greater
16 than 20% SMYS MOP."

17 Do you understand the significance of it being over 20
18 percent SMYS MOP?

19 **A** I don't know why he mentioned that.

20 **Q** Is that one of the definitions for transmission pipe?

21 **A** It's one of the criteria. But if it's an HCA, it's in
22 transmission. We don't have HCAs in non-transmission. So I
23 don't know why he would mention that it was over 20 percent.

24 **Q** Thank you. He continues:

25 "I understand that there are a lot of assumed

1 values and I'm currently working to address this, as
2 Gene had, when he was working on this project."

3 He then says:

4 "Much of Gene's work has been incorporated into
5 GIS..."

6 Correct?

7 **A** Correct.

8 **Q** (As read)

9 "...and this spreadsheet however there is still
10 a lot more to address since this threat is prevalent
11 throughout the system - approximately 189 miles."

12 Do you see that?

13 **A** I do.

14 **Q** Okay. I would like to look now at Exhibit 558.

15 Is this an email from Calvin Lui to yourself,

16 Mr. Manegold?

17 **A** Yes, it is.

18 **MS. WEST:** Okay. The Government offers Exhibit 558.

19 **THE COURT:** 558 is admitted.

20 (Trial Exhibit 558 received in evidence)

21 **MS. WEST:** Thank you. Let's pull up Page 1 of
22 Exhibit 558, please.

23 (Document displayed)

24 **MS. WEST:** Let's just look at the top quarter.

25 (Document displayed)

1 **BY MS. WEST:**

2 **Q** Okay, Mr. Manegold, this is actually the bottom of the
3 chain that we just read from Exhibit 560, correct?

4 **A** Let me look. Sorry.

5 (Witness examines document)

6 **A** Yes.

7 **Q** Okay. And this one actually has an attachment which is
8 that spreadsheet, "Exceeding MOP"? Do you see that in the
9 header?

10 **A** Yes.

11 **Q** I would like us to take a look at that spreadsheet that is
12 attached.

13 If we could please pull up the spreadsheet. And, as we
14 saw in Exhibit 560 with Mr. Liu's instructions, if we could
15 open column S and select "ALL."

16 (Document displayed)

17 **MS. WEST:** Thank you.

18 **BY MS. WEST:**

19 **Q** Now, did you understand that this spreadsheet was
20 something that could be filtered by line?

21 **A** Um --

22 **Q** Did you ever look at the spreadsheet that Mr. Lui sent
23 you?

24 **A** I don't know if I did or not.

25 **Q** You don't remember?

1 **A** It looks like -- well, when he sent it to me, it's the
2 time when I just came back from vacation. So I probably did,
3 but I just don't remember it.

4 **Q** All right. Let's please filter the spreadsheet for Lines
5 153, 132, and 191-1.

6 (Document displayed)

7 **Q** Do you see those on the screen in front of you,
8 Mr. Manegold?

9 **A** I do.

10 **Q** All right. And let's take a look at, first -- column C is
11 where it lists the line. Correct?

12 **A** Yes.

13 **Q** All right. And then we have got our mile points. Is that
14 right?

15 **A** Yes.

16 **Q** Okay. And then column F, "Segment Active" and these all
17 have a "Y." Presumably -- is that yes?

18 **A** Yes.

19 **Q** Okay. Then we see our "5-Year High MOP."

20 Do you see that?

21 **A** Yes.

22 **Q** Column G. And then we have the date that that five-year
23 high was established in column H, is that correct?

24 **A** Correct.

25 **Q** And then the column I is "5-Year Exceeded," correct?

1 **A** Correct.

2 **Q** And all of those say "Yes."

3 **A** That's correct.

4 **Q** And then we also have a column for whether the MOP has
5 exceeded MAOP. Is that column J?

6 **A** Yes.

7 **Q** And it says:

8 "Yes! Yes! Yes! Yes! Yes!"

9 Do you see that?

10 **A** Yes.

11 **Q** And I would like to go down -- let's look at L and M. The
12 L is the "5-Year Exceeded MOP," correct?

13 **A** That's what it says, yes.

14 **Q** And M says "5-Year Exceed Date (Post 2005)," correct?

15 **A** Correct.

16 **Q** Let's look at, please -- you've got to go down a little
17 ways -- to AU and AV.

18 (Document displayed)

19 **MS. WEST:** There we go. And this highlighting is in
20 the original.

21 **BY MS. WEST:**

22 **Q** Do you see there, Column AU is "HCA ID"?

23 **A** I do.

24 **Q** Do you understand what that means?

25 **A** Yes.

1 Q What is it?

2 A It's telling you whether it's an HCA or not. And if it's
3 an I, or an A or a B is the prefix, then it's a HCA.

4 Q And is there something in particular that the I means?

5 A I means that -- in the original review for HCAs that we
6 did back in 2004, the letters were to try to identify which
7 HCAs were HCAs by virtue of there being an identified site
8 within the potential impact circle.

9 A meant it was -- it was an HCA because there were 20 or
10 more structures within the impact circle. And B, if it was the
11 prefix, meant that it is an HCA because it had both an
12 identified site and more than 20 buildings.

13 We didn't always maintain those letters. It was a lot of
14 work, and it wasn't required. But that's what the initial
15 assignments were about.

16 Q And here we do see I's preceding numbers, correct?

17 A Correct.

18 Q And can you give us an example of an identified site that
19 would give it an I denotation?

20 A A school.

21 Q And how about the numbers after the I's? 1, 5, 9?

22 A Those are the reviewers. The person that did the review
23 that identified it as an HCA, 1 would have been Chris Warner.
24 5, I think, was Dan Curtis. 9 would have been Thach Ha.

25 Q Okay. And then column AV, do you see "MANUF" -- can we

1 expand AV, please?

2 (Document displayed)

3 **MS. WEST:** Thank you.

4 **BY MS. WEST:**

5 **Q** Do you understand that to mean manufacturing threat?

6 **A** I do.

7 **Q** Okay. And again, "Yes, Yes, Yes," all the way down.

8 Correct?

9 **A** Right.

10 **Q** So according to this chart, there is a manufacturing
11 threat on each of these HCA segments, correct?

12 **A** Yes, although I don't know -- I think we talked the other
13 day, there's two criteria within B31.8S, Appendix A, that
14 identifies manufacturing issues. One is a threat that requires
15 assessment. One is a situation that needs to be monitored, and
16 preventative measures taken --

17 **Q** Let me ask my question again, Mr. Manegold.

18 **A** And I don't -- okay.

19 **Q** My question was, according to this chart, there is a
20 manufacturing threat on each of these HCA segments. Correct?

21 **A** So, the answer is: I don't know.

22 **Q** You don't know if this chart says "Yes, Yes, Yes, Yes"?

23 **A** I know the chart says it. I thought you asked me if it
24 had the threat. I'm sorry.

25 **Q** No, my question is: According to this chart --

1 **A** Yes, you're right. Yes.

2 **Q** And according to this chart, based on the columns we
3 already looked at, the five-year MOP was exceeded for each of
4 these. Correct?

5 **A** Yes.

6 **Q** Let's look at Exhibit 565, please. Do you recognize
7 Exhibit 565 as an email from Mr. Lui to you?

8 **A** Yes.

9 **MS. WEST:** United States offers Exhibit 565.

10 **THE COURT:** 565 will be admitted.

11 (Trial Exhibit 565 received in evidence)

12 **THE COURT:** And without rushing yourself, give some
13 thought to when we'll take our first and only recess today.

14 **MS. WEST:** Yes, Your Honor.

15 (Document displayed)

16 **MS. WEST:** Can we expand, please?

17 (Document displayed)

18 **MS. WEST:** Thank you.

19 **BY MS. WEST:**

20 **Q** Mr. Manegold, this email from Calvin Lui to you is
21 May 3rd, 2010. Correct?

22 **A** That's correct.

23 **Q** Okay. So, just a few days after the last email we looked
24 at. Yes?

25 **A** Yes.

1 Q The subject is "MOP + 10% Allowance for Manufacturing Seam
2 Threat." Correct?

3 A Correct.

4 Q And Mr. Lui writes:

5 "Bill,

6 "Please take a look, and after let's discuss
7 since it seems to be a big issue with the audit
8 looming."

9 And there is a document attached. Correct?

10 A Yes.

11 Q Or it appears that it's maybe a link to it?

12 A Yes, yes.

13 Q Okay. And is that link to a document where part of the
14 title is "Weld" -- appears to be:

15 "Weld Construction Material Threats\MOP
16 SeamIssues\Documents\MOP10%allowance.doc"?

17 A Yes. The file name is the MOP part. The other part are
18 just folders.

19 Q Okay. And do you know whether this document was the white
20 paper that Mr. Lui wrote?

21 A It's not attached, so I can't tell. But I assume it was.

22 Q Let's look back, and we don't need to change the screen,
23 but Mr. Manegold, if you wouldn't mind looking back at
24 Exhibit 553, please.

25 And in particular, the bottom of Page 1, where Mr. Lui

1 sends his draft white paper to Chih-Hung Lee.

2 Do you recognize that as the same file path document "MOP
3 10% allowance"?

4 **A** It appears to be, yes.

5 **Q** All right.

6 **MS. WEST:** Now would be a fine time for a break,
7 Your Honor.

8 **THE COURT:** Okay. Thank you, Counsel.

9 Okay. Court's in recess for 15 minutes.

10 (Jury excused)

11 (Recess taken from 10:19 a.m. to 10:39 a.m.)

12 **THE COURT:** Okay. Let's call out the jury.

13 (Jury enters the courtroom at 10:39 a.m.)

14 **THE COURT:** You may begin when you're ready, counsel.

15 **MS. WEST:** Thank you.

16 **BY MS. WEST:**

17 **Q** Mr. Manegold, I placed in front of you a second Grand Jury
18 transcript, so if you could just keep those at hand. You
19 testified in the Grand Jury more than once, correct?

20 **A** I did.

21 **Q** Three times?

22 **A** That's correct.

23 **Q** Okay. So now you have in front of you your October -- it
24 should be an October transcript. That's the one that we have
25 been looking at -- I'm sorry, February. February 2013, that's

1 the first one. Do you see that?

2 **A** Correct, correct.

3 **Q** And then there is also a May 2013 transcript, correct?

4 **A** Yes, there is.

5 **Q** Okay, great.

6 Mr. Manegold, before we go on to the next exhibit, I want
7 to ask you if you agree that the issue of lines exceeding
8 historical MOP was a problem at PG&E?

9 **A** Yes.

10 **Q** And would you agree that the 84 miles that we saw in
11 Mr. Lui's email where he says:

12 "84 miles with a manufacturing threat
13 that has exceeded MOP."

14 Then he clarifies that all those segments are in HCAs.
15 Would you agree that that is significant?

16 **MR. BAUER:** Objection. Compound and vague.

17 **THE COURT:** I will allow that testimony.

18 **A** Yes.

19 **BY MS. WEST:**

20 **Q** Yes, you agree it is significant?

21 **A** I do.

22 **Q** Let's look at Exhibit 572. Now, Mr. Manegold, I think you
23 already testified that at some point you actually wrote the
24 white paper, correct?

25 **A** Yes. Do I need to have 572?

1 Q Looks like we're into the next binder.

2 (Whereupon exhibit binder was tendered to the witness.)

3 Q And do you now have 572 in front of you?

4 A I do.

5 Q This is an email from you?

6 A Yes.

7 MS. WEST: United States offers Exhibit 572.

8 THE COURT: It will be admitted.

9 (Trial Exhibit 572 received in evidence.)

10 MS. WEST: If we could please pull up Page 1 and
11 enlarge so we can see? Thank you.

12 (Document displayed)

13 BY MS. WEST:

14 Q Mr. Manegold, this email from you is dated May 17, 2010,
15 correct?

16 A Yes, it is.

17 Q The subject is "Seam Weld Threat." Do you see that?

18 A I do.

19 Q There is an attachment "MOP 10 Percent Allowance R1,"
20 correct?

21 A Correct.

22 Q Is that Revision 1?

23 A That's what I believe, yes.

24 Q Well, you titled it, correct?

25 A I titled it, yes.

1 Q And you sent it to Sara Burke, Calvin Lui, Thach Ha,
2 Chi-Hung Lee, Chris Warner, Daniel Curtis and Frank Dauby,
3 correct?

4 A Correct.

5 Q Why did you send it to these people?

6 A I wanted their comments.

7 Q Okay. And your text in this email is:

8 "My interpretation of what activates the
9 manufacturing threat for seam weld pipe.

10 Comments?"

11 Correct?

12 A Correct.

13 Q All right. Let's take a look at your attachment. And
14 this is your version of the white paper, correct?

15 A It's a memo to file. I wouldn't -- it was -- we
16 originally planned to write a white paper. I wouldn't exactly
17 call this a white paper, but it's a memo to file.

18 Q A memo to file?

19 A Yes.

20 Q Have you referred to it in the past as a white paper?

21 A It was the goal to make it a white paper, yes.

22 Q Okay.

23 MS. WEST: Let's expand, if we could, please, the
24 text of this memo to file.

25 Q And the date, incidentally, is May 17, 2010?

1 **A** Correct.

2 **Q** In the header I'm looking at, it says: "To: File. From:
3 William Manegold"?

4 **A** Yes.

5 **Q** (As read)

6 "Memo to File: This memo to file documents that
7 the operating pressure in a pipeline within a high
8 consequence area that has an identified manufacturing
9 seam threat and that has previously not been pressure
10 tested in accordance with Subpart J will not activate
11 nor require assessment as a high risk segment unless
12 the historical maximum operating pressure is exceeded
13 or unless there is a seam weld failure."

14 So far, so good?

15 **A** Yes.

16 **Q** Okay. So one is exceedance and two is seam weld failure,
17 right?

18 **A** Correct.

19 **Q** Okay. Then you say similar to what Mr. Lui said in his
20 directive:

21 "That the historical MOP is obtained
22 based on hourly averages in SCADA."

23 Correct?

24 **A** Correct.

25 **Q** (As read)

1 "For the highest operating pressure for
2 five years."

3 Correct?

4 **A** Correct.

5 **Q** Okay. Then let's look at the third paragraph:

6 "Currently PG&E uses a five year rolling
7 historical maximum to define the MOP limits that
8 define the activation of the seam weld threat."

9 Correct?

10 **A** That's correct.

11 **Q** Okay. And is that the five year MOP that we've seen in a
12 few spreadsheets now?

13 **A** I believe so.

14 **Q** (As read)

15 "Additionally, as new HCAs are identified that
16 have a seam weld threat, the threshold five year MOP
17 necessary to trigger a seam evaluation is based on
18 the date the new HCA was identified."

19 Correct?

20 **A** That's correct.

21 **Q** Okay. Let's look at the next paragraph.

22 **MS. WEST:** And if we could highlight the next
23 paragraph, please?

24 (Document highlighted.)

25 **MS. WEST:** Thank you.

1 **BY MS. WEST:**

2 **Q** (As read)

3 "While the limits against increasing the
4 maximum operating pressure for HCA piping
5 with a seam threat are absolute."

6 Did I read that right?

7 **A** You did.

8 **Q** (As read)

9 "45 CFR 192.201 recognizes some drift in
10 pressure control equipment setpoints is inevitable
11 between maintenance periods."

12 Correct?

13 **A** Correct.

14 **Q** (As read)

15 "For HCA pipe with a seam weld threat, operating
16 pressure excursions about these CFR established
17 limits will trigger the activation of the seam weld
18 threat."

19 Correct?

20 **A** Correct.

21 **Q** Okay. So here you're saying if it goes more than
22 10 percent over the five year MOP, PG&E will treat it as an
23 activated threat, correct?

24 **A** That's correct.

25 **MS. WEST:** The last paragraph, could we highlight

1 that, please?

2 (Document highlighted)

3 **BY MS. WEST:**

4 **Q** (As read)

5 "Should such an event occur, PG&E will
6 consider the pipe to be high risk piping and
7 will schedule an assessment in accordance
8 with the requirements of RMP-06."

9 Did I read that right?

10 **A** You did.

11 **Q** And just to confirm, Mr. Manegold, do you agree that this
12 is directly contradictory to FAQ 221, correct?

13 **A** I agree it contradicts 221, yes.

14 **Q** Let's take a look at 573.

15 (Document displayed)

16 **Q** Is 573 a forward of your -- sorry, a reply from Sara
17 Burke, then Peralta, to your email with your draft white paper?

18 **A** Yes.

19 **MS. WEST:** The United States offers Exhibit 573.

20 **THE COURT:** 573 is admitted.

21 (Trial Exhibit 573 received in evidence.)

22 **MS. WEST:** Can we expand the top part of this,
23 please?

24 (Document displayed.)

25 **MS. WEST:** That's great. Thank you.

1 **BY MS. WEST:**

2 **Q** Your supervisor -- she's your supervisor at the time,
3 right?

4 **A** That's correct.

5 **Q** She responds to you that she does not have a whole lot of
6 background on the issue. The interpretation seems logical, and
7 she has two minor comments, correct?

8 **A** Correct.

9 **Q** Okay. Let's take a look at her comments.

10 **MS. WEST:** If we could go to the next page? Thank
11 you. And if we could expand just the very bottom. Let's
12 see -- no, the three paragraphs up. There you go. That's
13 great. And then through the bottom. There you go. Thank you.

14 (Document displayed.)

15 **BY MS. WEST:**

16 **Q** Okay. This looks like a red lined version, correct, with
17 a mark on the side?

18 **A** I think so.

19 **Q** Okay. And her comments, as she says, there are two. Do
20 you see the first? It says, where you had:

21 "For HCA pipe with a seam weld threat
22 operating pressure excursions about the CFR
23 established limits will trigger the
24 activation of the seam weld threat."

25 Her comment was, she suggested a different word instead of

1 the word "about." Do you see that?

2 **A** Yes, I do.

3 **Q** All right. And let's look at the very bottom edit, her
4 other comment. She says:

5 "The memo is titled MOP 10 Percent

6 Allowance, but we do not explicitly mention?"

7 Do you see that?

8 **A** I do.

9 **Q** Now, it appears that you did not email your memo to file
10 to Bob Fassett, is that right?

11 **A** That's correct.

12 **Q** At this time was he your direct supervisor?

13 **A** No, he wasn't.

14 **Q** He was your supervisor's supervisor, correct?

15 **A** That's correct.

16 **Q** Did you discuss your draft white paper that you were
17 working on with Mr. Fassett?

18 **A** I discussed this issue. I don't remember if I discussed
19 this white paper or not. I discussed the issue, but I don't
20 remember if this paper was something that Bob and I talked
21 about.

22 **Q** And when you say you discussed --

23 **A** I don't think so, but I don't know.

24 **Q** When you say you discussed this issue, you mean this
25 10 percent overpressure allowance, correct?

1 **A** Well, that and the issue of just pipes exceeding their
2 MOP.

3 **Q** You discussed both of those with him, correct?

4 **A** Yes.

5 **Q** Did -- do you remember when you discussed it with him?

6 **A** Sometime in the first half of the year, but I don't
7 remember explicitly, no.

8 **Q** Do you remember discussing with him the same day that he
9 took on his job as supervising in that section?

10 **A** 10 percent, no. When -- when he took that job on, what I
11 talked to him about was the issue in general of monitoring the
12 MOPs. He had -- we just started to develop a program and I
13 talked to him about what we were going to do.

14 **Q** And what did you tell him you were going to do?

15 **A** I told him we were going to monitor the five year MOP;
16 that I went through with him what each employee in my group was
17 doing and I told him that I had assigned this task to Gene.

18 **Q** Do you know if he was aware of the issue of the 10 percent
19 over MAOP?

20 **A** I believe he was.

21 **Q** Why do you believe that?

22 **A** Because I think I talked to him about it.

23 **Q** Do you think so or you know so?

24 **A** I can't remember the explicit conversation, so I can't say
25 I know it.

1 Q Would you agree that you apprised him of it on a number of
2 occasions?

3 A I believe I did.

4 Q But you don't remember a particular response?

5 A No.

6 Q Do you agree that he did not object to -- well, let me
7 back up.

8 While you're working on this memo to file and Mr. Lui
9 worked on the draft white paper as well, did PG&E hydrotest any
10 of the HCA segments that had been identified as having an
11 overpressure exceeding the five year MOP?

12 MR. BAUER: Objection. Assumes facts not in
13 evidence.

14 THE COURT: Rephrase, counsel.

15 BY MS. WEST:

16 Q Do you remember looking at twice, because it was contained
17 in two exhibits, the email and attached spreadsheet from Calvin
18 Lui identifying 84 miles of HCA segments with pressures that
19 exceeded the five year MOP?

20 A I remember looking at the -- I remember that I looked at
21 that spreadsheet that Calvin produced, the one that we looked
22 at earlier.

23 Q And do you know whether PG&E hydrotested any of those
24 segments before the CPUC audit?

25 A To my knowledge, no, we did not.

1 Q Was there a decision to just wait?

2 A Yes.

3 Q Did you talk to Mr. Fassett about the decision to wait?

4 A I don't know when I last talked to him, so what we're
5 talking about is the time period between when Calvin made the
6 spreadsheet and the audit in May. So I --

7 Q Let me stop you.

8 A Yeah.

9 Q Would you agree that Mr. Fassett did not object that PG&E
10 had not taken action on those segments?

11 A One more time?

12 Q Would you agree that Mr. Fassett did not object that PG&E
13 had not taken action on those segments?

14 A I would agree with that.

15 Q You do agree with that?

16 A Yes.

17 Q And, in fact, Mr. Fassett made it very clear to you when
18 he disapproved of something you were doing, correct?

19 A That's correct.

20 Q Let's take a look at Exhibit 575, please.

21 (Witness complied.)

22 Q This is an email response to your draft white paper from
23 Daniel Curtis?

24 A Yes, it is.

25 MS. WEST: United States offers Exhibit 575.

1 **THE COURT:** 575 is admitted.

2 (Trial Exhibit 575 received in evidence.)

3 **MS. WEST:** Can we please pull up Page 1? And the top
4 part just, so we can read it. Thank you.

5 (Document displayed)

6 **BY MS. WEST:**

7 **Q** And Mr. Curtis just says here, Mr. Manegold:

8 "Bill, comments within attached document. Good
9 luck in the audit."

10 Correct?

11 **A** Correct.

12 **Q** If we could now look at the attached comments? And, in
13 particular, if we could look at Page 3.

14 **MS. WEST:** And the bottom red part would be fine.
15 Thank you. Thank you.

16 (Document displayed)

17 **BY MS. WEST:**

18 **Q** Okay. Mr. Manegold, you have the context in front of you
19 in the document. I have it expanded, a certain part of it, on
20 the screen.

21 But the red comments that we have on the screen are just
22 below your paragraph where you cite to 49 CFR 192.201, correct?

23 **A** Correct.

24 **Q** And let's look at the comment that you received from
25 Mr. Curtis. Would you mind reading that to us, please?

1 **A** (As read)

2 "You know, of course, that FAQ 221 addresses
3 this issue. FAQ 221 is as follows."

4 **Q** Let me stop you there. He then puts in FAQ 221, correct?

5 **A** Correct.

6 **Q** Including:

7 "The rule specifies that any pressure increase,
8 regardless of amount, will require that the segment
9 be prioritized as high risk for integrity
10 assessment."

11 Correct?

12 **A** That's correct.

13 **Q** And what was Mr. Curtis' relationship to you at the
14 company at the time?

15 **A** Mr. Curtis was a contractor for Mears that was -- that was
16 working for me.

17 **Q** And he was somebody that you had solicited his comments?

18 **A** Yes.

19 **Q** So if you can remember back to Mr. Lui's draft, Mr. Lui
20 had FAQ 221 in it, correct?

21 **A** It did.

22 **Q** And you took it out, correct?

23 **A** Yes.

24 **Q** And Mr. Curtis puts it back in, correct?

25 **A** That's his comment, yes.

1 Q All right. Let's look now, please, at -- we're going to
2 turn to 578, but before we get there, let's talk about the
3 audit for a moment.

4 You said you were involved in preparing for it, correct?

5 A Yes.

6 Q And you actually participated in it?

7 A Yes, I did.

8 Q What was your role participating in the audit?

9 A I helped respond to various questions that the CPUC had
10 about the HCA identification, risk analysis and threat analysis
11 that we did.

12 Q You said this was -- do I have it right, that this was to
13 be an audit of PG&E's integrity management practices?

14 A Program.

15 Q Program?

16 A Yes.

17 Q Okay. You testified that this overpressure issue had
18 been a -- that -- I think you said the number one issue for you
19 leading up to the audit?

20 A Yes.

21 Q Did you discuss this during the audit with CPUC?

22 A No.

23 Q Did you raise the issue?

24 A I did not.

25 Q Were you instructed not to raise the issue?

1 **A** No.

2 **Q** Did anyone instruct -- nobody instructed you not to raise
3 this?

4 **A** No.

5 **Q** Were you instructed -- given an instruction more broadly
6 not to raise issues that CPUC did not ask?

7 **A** I was asked to answer the questions that I was asked and
8 to not answer questions that weren't asked.

9 **Q** Is there any reason that you can think of that the CPUC
10 would have thought to ask whether you were not following the
11 Code and its FAQ for overpressures?

12 **MR. BAUER:** Objection. Argumentative and calls for
13 speculation of CPUC's thought process.

14 **THE COURT:** I will sustain that.

15 **BY MS. WEST:**

16 **Q** Did you personally put the CPUC on notice that PG&E had
17 overpressures on its lines in HCA segments?

18 **A** I did not.

19 **Q** Are you aware whether at the time of the audit PG&E,
20 anyone from PG&E, had told the CPUC that it had overpressures
21 on segments in HCAs?

22 **MR. BAUER:** Objection. Assumes facts not in
23 evidence.

24 **THE COURT:** Overruled.

25 **A** I'm not aware.

1 **BY MS. WEST:**

2 **Q** Did you end up finalizing your white paper?

3 **A** Yes.

4 **Q** Did you provide it to the CPUC?

5 **A** I did not.

6 **Q** What did you do with it?

7 **A** When the audit was over, I shredded it.

8 **Q** You shredded it?

9 **A** I did.

10 **Q** Why did you shred it?

11 **A** Because I didn't like it. I didn't think it was -- the
12 intent of the memo was to be a white paper, and it was hardly
13 that. It wasn't -- and it didn't address, I didn't think,
14 satisfactorily the issues that needed to be addressed.

15 **Q** Did you feel comfortable with the language that you had
16 written in that white paper?

17 **A** No.

18 **Q** Did you think PG&E should stand by it?

19 **A** No.

20 **Q** So you got rid of it?

21 **A** Yes.

22 **Q** What was the date of the audit, if you remember?

23 **A** I believe it started on the date that that memo was dated.
24 I believe it was May 17.

25 **Q** All right. Let's look at 578 now. Is this an email chain

1 from you at the top?

2 **A** Yes.

3 **MS. WEST:** Government offers Exhibit 578.

4 **THE COURT:** 578 is admitted.

5 (Trial Exhibit 578 received in evidence.)

6 (Document displayed)

7 **MS. WEST:** Thank you.

8 **BY MS. WEST:**

9 **Q** So the bottom of this email chain, Mr. Manegold, is your
10 interpretation of what activates manufacturing threats for seam
11 weld pipe, correct?

12 **A** That's correct.

13 **Q** With a document MOP 10 Percent Allowance?

14 **A** Yes.

15 **Q** And the response from Mr. Dauby is:

16 "Bill, sounds reasonable and defendable."

17 Correct?

18 **A** Yes.

19 **Q** And what is your response to Mr. Dauby?

20 **A** (As read)

21 "That's what Custer told the lieutenant

22 who said, 'Let's stop here.'"

23 **Q** What did you mean by that?

24 **A** I mean, I thought the same thing that happened to Custer

25 was going to happen to us. We had a very -- we thought we were

1 in a good position, or Frank did, and I didn't. I think we
2 were -- I thought he was underestimating the problem.

3 I thought we were going to get -- like Custer, I thought
4 we were going to get killed in the audit. I thought we were
5 going to get slaughtered.

6 **Q** And would you agree that you thought the PUC would not
7 approve that 10 percent practice?

8 **A** I did agree. Yeah, I do agree with that.

9 **Q** Would you agree that you thought PG&E would have been
10 required to assess for manufacturing threats?

11 **A** Without a better justification than what I provided in
12 that memo, yes.

13 **Q** Let's turn to Exhibit 582, please.

14 (Witness complied.)

15 **Q** I'm looking in particular at the bottom part of 582, Mr.
16 Manegold. Is that an email from Calvin Lui to -- well, this
17 whole exhibit is an email chain that you were copied on,
18 correct?

19 **A** Yes.

20 **MS. WEST:** United States offers Exhibit 582.

21 **THE COURT:** 3582 is admitted.

22 (Trial Exhibit 582 received in evidence.)

23 **MS. WEST:** If we can please pull up the bottom half
24 of 582, Page 1?

25 (Document displayed)

1 **MS. WEST:** Thank you.

2 **BY MS. WEST:**

3 **Q** Mr. Manegold, in this email Calvin Lui writes -- and here
4 you're copied, correct?

5 **A** Yes.

6 **Q** And he states:

7 "In preparation for next week's CPUC IMP audit."

8 And that's Integrity Management Program?

9 **A** That's correct?

10 **Q** (As read)

11 "A review of overpressure events in the system
12 was conducted with a focus for MOP exceeding
13 10 percent on lines with a manufacturing seam
14 threat."

15 Do you see that?

16 **A** I do.

17 **Q** (As read)

18 "(While it is not clear if the CPUC will even
19 allow exceedance one pound above MOP, an exceedance
20 beyond 10 percent will definitely not be accepted)."

21 Do you see that?

22 **A** I do.

23 **Q** Okay. So then it looks like as of this email, May 13th,
24 he's saying the audit begins the next week, right?

25 **A** It -- yeah.

1 Q Okay. So is that consistent with your memory, that it --

2 A Yeah.

3 Q -- began around May 17th?

4 A Yes.

5 Q All right. Let's look, please, at Exhibit 591.

6 (Witness complied.)

7 Q Is this an email from Calvin Lui to others copying you?

8 A Yes.

9 MS. WEST: United States offers Exhibit 591.

10 THE COURT: 591 is admitted.

11 (Trial Exhibit 591 received in evidence.)

12 MS. WEST: If we can please pull up and expand the
13 text of 591?

14 (Document displayed)

15 MS. WEST: Thank you.

16 BY MS. WEST:

17 Q Is the audit over by now, by the way, Mr. Manegold? We're
18 in August of 2010.

19 A Yes, yes.

20 Q This email is to a Gary Grelli and a Kevin Wong. Who are
21 they?

22 A Kevin Wong worked, I believe, in the Operations
23 Department. Gary Grelli was a pipeline engineer. That's my
24 recollection.

25 Q Okay. And Mr. Lui writes:

1 "The link below is the spreadsheet that I
2 maintain to track the MOP of pipeline segments that
3 have a low frequency ERW seam threat."

4 Correct?

5 **A** That's correct.

6 **Q** Okay. And you see there there is the link to the Excel
7 spreadsheet?

8 **A** Yes.

9 **Q** MOP Retention PVID Summary?

10 **A** Yes.

11 **Q** Do you know what PVID stands for?

12 **A** I know what it is, but I don't know what the individual
13 letters stand for.

14 **Q** What is it?

15 **A** It's a list of -- of -- I think it comes from Gas
16 Historian. It's a list of the pressure reads on the pipeline
17 that are -- the PVID refers to individual pressure measurement
18 points.

19 **Q** Okay. Then he says:

20 "If the link does not work, please see
21 the attached spreadsheet."

22 Correct?

23 **A** Yes.

24 **Q** All right. Let's take a look now at Exhibit 615.

25 (Witness complied.)

1 Q Is this an email to you from Calvin Lui?

2 A It is.

3 MS. WEST: The United States offers 615.

4 THE COURT: It's admitted.

5 (Trial Exhibit 615 received in evidence.)

6 MS. WEST: Can we please put that on the screen and
7 expand the text?

8 (Document displayed)

9 BY MS. WEST:

10 Q Mr. Manegold, this appears to be a forward from Calvin Lui
11 to you of your email about your interpretation of what
12 activates the manufacturing threat, correct?

13 A That's correct.

14 Q Do you know why Mr. Lui is forwarding this to you
15 September 15th, 2010 after you sent it May 17, 2010?

16 A My guess is I was asking him for it. I couldn't find it.
17 But I'm not sure.

18 Q Okay. If you could look, please, at Page 2 of this
19 document, that's your memo to file, correct?

20 A Yes. This was the draft I think that I had sent out to
21 everybody.

22 Q All right. Let's look now at 622.

23 (Witness complied.)

24 Q Do you recognize this as an email from Brian Daubin to
25 you, as well as somebody else?

1 **A** Yes.

2 **MS. WEST:** United States offers 622.

3 **THE COURT:** 622 is admitted.

4 (Trial Exhibit 622 received in evidence.)

5 **MS. WEST:** If we could expand the text, please?

6 Including the subject line? Great. Thank you.

7 (Document displayed)

8 **BY MS. WEST:**

9 **Q** Okay. And the subject line of this email dated
10 September 28, 2010, Mr. Manegold, is:

11 "Source Document Verification for Line 101, Line
12 109 and Line 132."

13 Is that right?

14 **A** That's right.

15 **Q** Okay. And who is Mr. Daubin?

16 **A** Brian, I believe, was the -- was a manager in our
17 Engineering Department, and the Gas Mapping Group supervised by
18 Luano Nomellini reported to him.

19 **Q** And does Mr. Daubin tell you in this email that he is in
20 need of verifying all GIS source documentation for the Lines
21 101, 109 and 132?

22 **A** Yes.

23 **Q** He says:

24 "We will essentially need to rebuild the
25 data in GIS for these three lines. The

1 timing for this effort is key as the
2 estimators are currently building PFLs for
3 these three lines."

4 Do you see that?

5 **A** I do.

6 **Q** And then he asked to get together at your earliest
7 convenience, and he says today; correct?

8 **A** Okay. Yes.

9 **Q** Okay. Can you tell us, please, what PFL refers to?

10 **A** It means a pipeline features list.

11 **Q** What is that?

12 **A** It's a list of all the features along the pipeline; not
13 just the pipe, but any appurtenances, all the fittings,
14 everything that's on that pipeline.

15 **Q** Do you know why Mr. Daubin writes that they essentially
16 need to rebuild the data in GIS for these lines?

17 **A** Specifically, I don't know why he wrote that.

18 **Q** Do you have an understanding -- what did --

19 **A** I could guess.

20 **Q** I don't want you to guess. What did you understand he
21 meant?

22 **A** Sitting here now, I can't tell you. Oh, what he did mean?
23 Meaning -- what did he mean about -- he wanted to have a
24 meeting. That's what he meant.

25 **Q** What did you interpret "rebuilding the data in GIS for

1 these three lines" to mean?

2 **A** That would have meant revalidating all the data that was
3 in GIS for those three lines.

4 **Q** Was there a reason to do that?

5 **A** I don't remember the timing of events. There was a
6 determination that some of the data was wrong in GIS and I
7 assume this was after that time.

8 **Q** Was it some data?

9 **A** I don't know. I wasn't involved in that decision. Brian
10 is telling us what he's -- he's going to have the meeting
11 because he's got some sort of direction to do something.

12 **Q** But he's asking for a meeting with you, correct?

13 **A** Correct.

14 **Q** Okay. And he's telling you that they need to rebuild the
15 data in GIS for Lines 101, 109 and 132, correct?

16 **A** Right.

17 **Q** Okay. And he says that the timing is key?

18 **A** That's what he says, yes.

19 **Q** Okay. And you said that PFL refers to a pipeline features
20 list, which is all the pipe data?

21 **A** Correct.

22 **Q** And they say that they are currently building it, correct?

23 **A** That's what it says.

24 **Q** And are you aware whether the pipeline features list was,
25 in fact, built?

1 **A** I believe it was.

2 **Q** Did you have any involvement in it at all?

3 **A** I don't believe so.

4 **Q** Did you ever look at that pipeline features list?

5 **A** I looked at some of the work that was going on. They set
6 up a big room to do the work and I looked at some of it, but I
7 don't think I -- I don't know if I saw the completed product or
8 not.

9 **Q** Are you aware, one way or another, whether that built
10 pipeline features list recognized numerous errors in GIS?

11 **A** Since I didn't see the final list, I don't know that.

12 **Q** You don't know that?

13 **A** It wouldn't surprise me, but I -- I didn't see the
14 features list, so I can't tell you.

15 **Q** Why wouldn't it surprise you?

16 **A** Why what?

17 **Q** Why --

18 **MR. BAUER:** Objection. Argumentative. Calls for
19 speculation.

20 **THE COURT:** I will allow it.

21 **MS. WEST:** He said it wouldn't surprise him.

22 **BY MS. WEST:**

23 **Q** Why would it not surprise you that there were numerous
24 errors?

25 **A** Because there were a lot of assumed values in GIS.

1 Q Would you consider that an error?

2 A For purposes of your question I did.

3 Q Please turn to Exhibit 642.

4 (Witness complied.)

5 Q Mr. Manegold, you testified previously, correct, that
6 assumed values were intended to be conservative, is that right?

7 A They were.

8 Q All right. Let's look at 642.

9 (Witness complied.)

10 Q And if you could tell me, please, if this is an email that
11 you're on?

12 A I am.

13 MS. WEST: Government offers 642.

14 THE COURT: 642 is admitted.

15 (Trial Exhibit 642 received in evidence.)

16 MS. WEST: Please pull up the bottom half of this
17 email chain?

18 (Document displayed.)

19 BY MS. WEST:

20 Q The top half, incidentally, Mr. Manegold, the recipient
21 just says "Thanks," right -- I'm sorry. You say "Thanks."

22 A Thanks to Scott, yes.

23 Q Okay. So let's look now what we have on the screen and
24 see somewhat Scott told you. Who is Scott?

25 A Scott Shield was a manager in our Mapping Department. He

1 worked for Luano Nomellini.

2 **Q** Did the Mapping Department have any role in the pipeline
3 features list, if you know?

4 **A** I think they did. When they were building this, it was a
5 big team effort, but I don't know who was all on the team.

6 **Q** Okay. The subject much Mr. Shield's email to you in
7 October of 2010 is "PFL WT Decrease." Do you see that?

8 **A** I do.

9 **Q** Do you understand "WT" to refer to wall thickness?

10 **A** Yes.

11 **Q** The email he sends to you is:

12 "Bill, here are the decreases in wall thickness
13 that I found from a quick scan of Line 132 PFL."

14 Do you see that?

15 **A** I do.

16 **Q** I believe you told us in the last day or two, but if you
17 could remind us, please, whether, and if so why, wall thickness
18 is important?

19 **A** Wall thickness is used to calculate the percent SMYS,
20 which is the operating stress on the pipeline.

21 **Q** And is there any relation between that and MOP?

22 **A** Not the actual operating pressure, but the allowable
23 limits on operating pressure, yes.

24 **Q** Now, this pertains to Line 132, but there is a list of
25 segments here, correct?

1 **A** Yes.

2 **Q** Okay. And a few of those are, second row down, 105.6,
3 correct?

4 **A** Yes.

5 **Q** And for 105.6 it says GIS wall thickness, which is the old
6 one, was .344. Do you see that?

7 **A** I do.

8 **Q** Okay. And it says that the new wall thickness is .3125.
9 Do you see that?

10 **A** Yes.

11 **Q** And a few rows down do you see Segment 171.1?

12 **A** Yes.

13 **Q** The GIS -- the old wall thickness was .375. Do you see
14 that?

15 **A** Yes.

16 **Q** And then the PFL wall thickness is .3125?

17 **A** Yes.

18 **Q** Segment 181, the GIS wall thickness was .375 again?

19 **A** Yes.

20 **Q** And the PFL wall thickness was .2815, correct?

21 **A** Correct.

22 **Q** Would these differences in wall thickness -- if you
23 substituted the PFL one -- would that change, as you said, the
24 percent of SMYS?

25 **A** The calculated percent of SMYS, yes, it would. It would

1 increase it.

2 **Q** It would increase it?

3 **A** Yeah. The operating stress would go up with a thinner
4 wall pipe.

5 **Q** And what does that mean, for the operating stress to go
6 up.

7 **A** It means it goes up. I'm not sure what --

8 **Q** What effect might -- would that have an effect on the
9 maximum operating pressure?

10 **A** It doesn't change what the operating pressure is. It
11 might change what's allowed. It depends on how much it goes
12 up.

13 **Q** Okay. And can you tell from looking at this, sitting here
14 now, whether it would change the operating pressure that's
15 allowed?

16 **A** No.

17 **Q** You can't tell or it would not?

18 **A** I can't tell.

19 **Q** What would you need to do to be able to tell?

20 **A** You need know what the diameter of the line is. You need
21 to know what the class location is for the area. You need to
22 know if the line had been tested or not.

23 **Q** Pressure tested?

24 **A** Yes.

25 **Q** Let's look at Exhibit 647, please.

1 (Witness complied.)

2 **Q** Is this another email chain including yourself?

3 **A** Yes, it is.

4 **MS. WEST:** Government offers Exhibit 647.

5 **THE COURT:** 647 is admitted.

6 (Trial Exhibit 647 received in evidence.)

7 **MS. WEST:** I'd like to start at the bottom of Page 1,
8 please.

9 (Document displayed)

10 **BY MS. WEST:**

11 **Q** Mr. Manegold, this is October 21st, 2010, an email from
12 yourself to a Wayne -- why don't you pronounce that last name
13 for me, please?

14 **A** Ciardella.

15 **Q** Okay. Who was that?

16 **A** A friend of mine that worked in the Safety, Health and
17 Claims Department. We had been friends. We worked together in
18 the Mechanical and Nuclear Engineering Department back in the
19 80's and he had worked at Diablo Canyon as well.

20 **Q** A PG&E friend of yours?

21 **A** Yes.

22 **Q** All right. And you advise Mr. Ciardella in this email:

23 "I sent this to Dan Curtis."

24 Correct?

25 **A** That's correct.

1 Q And please remind us your relationship, work relationship
2 with Mr. Curtis at this time?

3 A Mr. Curtis was a contractor that worked for us. He worked
4 for Mears Corporation.

5 Q Okay. And you say -- you refer to a Glen. Who is Glen?

6 A Glen Carter was the senior director of the Gas Department.
7 Director or senior director. I don't remember what his exact
8 title was at this point, but he was the head of the Gas
9 Engineering Department.

10 Q And in your chain of command?

11 A Yes. He worked -- Bob Fassett worked for home.

12 Q (As read)

13 "Glen brought Chris Johns to different
14 offices today."

15 And please remind us who Chris Johns was at this time?

16 A The president of PG&E Company.

17 Q And you say, in parentheses:

18 "(Thach was in the DIMP meeting, but I'm stuck
19 writing explanations on why something went up or down
20 from one year to the next in the top 100."

21 Do you see that?

22 A I do.

23 Q What does the top 100 refer to?

24 A The top 100 was -- it's something of a misnomer, but it's
25 the list of pipeline segments that we calculated at each year

1 as having the highest risk in the system and, therefore, would
2 be good targets for pipeline remediation, usually by
3 replacement.

4 **Q** And was this list anything, if you know, that was
5 communicated to the CPUC for rate setting process?

6 **A** It would -- not the list itself, but projects that we
7 would suggest that we wanted to do might come from this list.

8 **Q** Okay.

9 **A** And those projects might be listed in a CPUC rate
10 application.

11 **Q** And tell us, please, what a rate application is?

12 **A** It's an application to the CPUC to increase gas and
13 electric rates, or electric rates.

14 **Q** To increase them for whom?

15 **A** Customers.

16 **Q** Now, you continue:

17 "Fortunately, it is for someone else to explain
18 why we never did anything with any of them."

19 What did you mean by that?

20 **A** Each year we came up with that list and on the -- on the
21 segments that were -- where the suggested remediation was
22 replacement. I thought at the time I wrote this that we hadn't
23 replaced any of the segments that we called for as being within
24 that list. And we made a new list each year.

25 **Q** Let's look at the bottom paragraph of this email where you

1 say:

2 "But, of course, they are going to spend" --

3 Well, actually, I didn't want to skip ahead. Let's go
4 down a little. Go through it a little more methodically.

5 "And when they stopped by" --

6 And "they" is referring to Glen and Chris Johns?

7 **A** Correct.

8 **Q** (As read)

9 "...Glen said I could say what I thought."

10 Do you see that?

11 **A** I do.

12 **Q** (As read)

13 "This was after an explanation by Chris that
14 'we' were looking at all our processes. I said our
15 problem wasn't our processes, that we had a lot of
16 well maintained, but old pipe. We should spend more
17 to replace it and add people to manage that spending.
18 That a well maintained 1956 Cadillac is not as safe
19 as a new car."

20 Correct?

21 **A** Correct.

22 **Q** And you finish:

23 "But, of course, they are going to spend more
24 dough anyway, so it was a wasted opportunity. What I
25 should have said was, in this review process don't

1 assume that the people working on this stuff now are
2 idiots that should be ignored (as it seems to me has
3 been done)."

4 Do you see that?

5 **A** I do.

6 **Q** Let's look at Mr. Ciardella's response to you, please.

7 **MS. WEST:** If we could pull up the top half?

8 (Document displayed)

9 **BY MS. WEST:**

10 **Q** I would like you to look at the middle of this paragraph.
11 Do you see where it says "Money that engineers"?

12 **A** Yes.

13 **Q** He writes:

14 "Money that engineers would have used to add
15 safety margins, replacements, et cetera, over all the
16 these years and, yes, maybe not meeting the
17 authorized rate of return. This problem is across
18 gas and electric. I only thought about electric and
19 thought it was just there, but now we see the gas
20 side, too, the piping and valves and design."

21 And then he compares it to the old 56 Cadillac, correct?

22 **A** Yes.

23 **Q** He says:

24 "The old 56 Cadillac that runs like a top, but
25 is not up to current standards and safety criteria."

1 Correct?

2 **A** Correct.

3 **Q** And then he continues:

4 "This is the (near criminal) fault of
5 all the financial people running the show
6 since the 1980's and Peter and Chris
7 continued that same philosophy and,
8 therefore, are not free from fault. The
9 truth needs to be fully aired out to the
10 state and federal authorities."

11 Did I read that correctly?

12 **A** You did.

13 **Q** Who is "Peter" referring to, if you know?

14 **A** Peter Darbee.

15 **Q** Who was that?

16 **A** He was -- I think the title is right. I think he was CEO
17 of PG&E Corporation. Chairman of the board and CEO, I think.

18 **Q** Can I have you turn next please to Exhibit 649?

19 (Witness complied.)

20 **Q** Do you have that in front you?

21 **A** Yes.

22 **Q** Mr. Manegold, is this an email chain, the top of which is
23 from you?

24 **A** Yes.

25 **MS. WEST:** The Government offers Exhibit 649.

1 **THE COURT:** 649 is admitted.

2 (Trial Exhibit 649 received in evidence.)

3 **MS. WEST:** Okay. Let's go, please, to the very
4 bottom of Page 2 and the top of Page 3.

5 **BY MS. WEST:**

6 **Q** And, Mr. Manegold, the bottom of Page 2 is the beginning
7 of this email chain, right?

8 **A** That's correct.

9 **Q** It's an email from Robert Fassett?

10 **A** Yes.

11 **Q** To Sara Peralta?

12 **A** Yes.

13 **Q** And I'm -- there we go.

14 (Document displayed)

15 **Q** Okay. It says:

16 "Sara, I will be meeting with Ed Salas
17 next Wednesday to catch up on a few things."

18 Is that right?

19 **A** Yes.

20 **Q** Who is Ed Salas?

21 **A** Ed Salas, I believe, was the executive vice-president of
22 the Gas Department. Gas Engineering and Operations, I think.

23 **Q** Would that put him in your chain of command as well?

24 **A** Yes. I think -- Bob Howard reported to him.

25 **Q** Bob Howard reported to Ed Salas?

1 **A** Correct.

2 **Q** How high up was Ed Salas? Who did he report to?

3 **A** I don't know.

4 **Q** All right. And tell us his title again?

5 **A** I believe it was Executive Vice-President of Engineering
6 and Operations. Not Gas Engineering, but Engineering and
7 Operations. I think, but I'm not sure.

8 **Q** Okay. Do you know roughly how many tiers down from the
9 president of PG&E he was?

10 **A** He could have reported directly to Chris Johns. I just --
11 I don't know. Or he could have reported to the chief operating
12 officer. I'm just not sure.

13 **Q** Okay. In any event, Mr. Fassett is writing that he will
14 be meeting with Ed Salas Wednesday, the 28th, is that right?

15 **A** Yes.

16 **Q** Okay. And let's look at the second paragraph there, where
17 it says:

18 "Also, previously you mentioned you'd check with
19 Bill to find the reference in the Code and/or B31.8S
20 and where in our procedures we address the concept of
21 stable/unstable threat."

22 Did I read that right?

23 **A** You did.

24 **Q** And then this gets sent to Sara Peralta, right?

25 **A** Yes.

1 Q All right. So now let's look at the middle of Page 2 and
2 see what Sara does with this email.

3 And while we're pulling that up, Mr. Manegold, would you
4 agree that she forwards it to you?

5 A Yes.

6 (Document displayed)

7 Q And it says:

8 "Bill, can you provide the following per Bob's
9 request."

10 And the second bullet point she writes is:

11 "I have several emails (and the brief draft
12 white paper) discussing the activation of a seam
13 threat. In terms of our own procedures, is there
14 anywhere else we discuss how we deal with this
15 outside of RMI-06? In terms of code/industry
16 documents, is there anywhere outside of Subpart O and
17 FAQ 221 (like ASME B31.8S) where this topic is
18 addressed?"

19 Is that right?

20 A That's right.

21 Q And then if we go to Page 1, we see you responded to the
22 other bullet point, but she reminds you to address the second
23 bullet point regarding internal/external references to seam
24 threat?

25 A Yes.

1 Q And then the final email, the top email of this chain --

2 MS. WEST: And that's what I would like to expand,
3 please, on Page 1.

4 (Document displayed)

5 BY MS. WEST:

6 Q -- is your response to Ms. Peralta, correct?

7 A Correct.

8 Q October 22nd, 2010 is our date, right?

9 A That's right.

10 Q Okay. And you say:

11 "Sorry about that. The issue is also addressed
12 in B31.8S, Appendix A4 and our RMI-06 (this is the
13 latest signed off copy I have)."

14 Correct?

15 A That's correct.

16 Q Okay. And that's actually attached here, RMI-06 Rev-01?

17 A Yes.

18 Q (As read)

19 "As previously discussed, I have asked Calvin
20 not to request any lines that have their pressure
21 raised to maintain their five year operating pressure
22 until the issue is discussed and agreed on at a level
23 beyond my group."

24 Is that right?

25 A That's correct.

1 Q Okay. Let's take a look, please, at the attachment,
2 RMI-06 Rev-01.

3 MS. WEST: Can we, please -- I want to go to Page 5
4 of this document. Thank you. And the middle part of the page
5 under the bold underline.

6 (Document displayed)

7 MS. WEST: Thank you. That's great.

8 BY MS. WEST:

9 Q All right. Mr. Manegold, this section of the RMI-06 that
10 you attached to your supervisor contains language that -- well,
11 let's just read it:

12 "In the situations where pipeline segments with
13 a potential manufacturing threat, as described in
14 917(e)(4) ERW pipe, will be prioritized as a high
15 risk segment for the baseline assessment or
16 reassessment if they have operated over the maximum
17 operating pressure experienced during the preceding
18 five years plus 10 percent of the historical
19 operating pressure."

20 Did I read that right?

21 A You did.

22 Q And then you continue:

23 "To keep from continually losing operating
24 pressure on pipelines that have a potential long seam
25 manufacturing threat, PG&E has made a decision to

1 only reprioritize those pipeline segments that exceed
2 the historic five year MOP plus 10 percent of the
3 historic five year MOP. The 10 percent portion was
4 taken from 49 CFR 192.201(a)(2)(i).

5 Correct?

6 **A** That's what it says. I didn't write this, I think you
7 said. "You continue."

8 **Q** And you testified that you -- what was your role at this
9 time?

10 **A** I was the supervisor of the -- I was the program manager
11 for Integrity Management and I was the supervising engineer for
12 Integrity Management.

13 **Q** And as the program manager, it was your responsibility for
14 Risk Management Instructions like 06, correct?

15 **A** As long as it didn't continue across departments. If it
16 did, then I wasn't authorized to sign it.

17 **Q** Okay. And you testified that this one, RMI-06, did stop
18 with you, correct?

19 **A** No, I didn't testify to that. That goes across
20 departments.

21 **Q** Okay. It says:

22 "The additional" --

23 At the bottom of that section:

24 "The additional 10 percent is from the historic
25 five year MOP instead of the MOP stated in 49 CFR" --

1 **THE COURT:** MAOP.

2 **MS. WEST:** Oh, thank you.

3 **BY MS. WEST:**

4 **Q** (As read)

5 "...MAOP stated in 49 CFR 192.201."

6 Is that right?

7 **A** That's correct.

8 **Q** And you forwarded this to Sara Peralta?

9 **A** Yes.

10 **Q** And she has told you she's forwarding it to Bob Fassett?

11 **A** Is that what I said?

12 **Q** Well, we just looked at the email that she forwarded to
13 you from Bob Fassett that's at the bottom of this chain.

14 **A** Right.

15 **Q** Okay. Let's look at 648.

16 (Witness complied.)

17 **Q** Is 648 Ms. Peralta's response to you?

18 **A** Yes.

19 **MS. WEST:** The Government offers 648 in evidence.

20 **THE COURT:** 648 is admitted.

21 (Trial Exhibit 648 received in evidence.)

22 **BY MS. WEST:**

23 **Q** I'm not sure we even need to pull this up. It's so fast,
24 Mr. Manegold.

25 Ms. Peralta says:

1 "Exactly what I needed. Thank you. I
2 believe Bob will be discussing this issue
3 with Ed Salas next week and I will be
4 providing him the background info on the
5 issue."

6 Correct?

7 **A** Correct.

8 **Q** And are you aware of -- actually, I think we already did
9 that.

10 Let's look at 651.

11 (Witness complied.)

12 **Q** Is 651 an email from Sara Peralta to Bob Fassett?

13 **A** That's what it says.

14 **Q** And it attaches the RMI-06 Rev-01 that you sent to Sara?

15 **A** I assume that. That's what it says.

16 **MS. WEST:** The Government offers Exhibit 651.

17 **THE COURT:** Admitted.

18 (Trial Exhibit 651 received in evidence.)

19 **MS. WEST:** If we could please pull up Page 1, the top
20 half?

21 (Document displayed.)

22 **MS. WEST:** Thank you.

23 **BY MS. WEST:**

24 **Q** I'd like to direct your attention, Mr. Manegold, to the
25 portion that says "long seam threat." Do you see that?

1 **A** Yes.

2 **Q** And Ms. Peralta advises Mr. Fassett:

3 "This issue is addressed internally primarily in
4 RMI-06 (attached). Externally this issue is also
5 addressed in ASME B31.8S, Appendix A4."

6 Right?

7 **A** That's correct.

8 **Q** And she's forwarding the information that you gave her?

9 **A** That's what it appears, yes.

10 **Q** She says:

11 "I talked with Bill about your question from
12 yesterday."

13 Did you understand that to be you?

14 **A** Yes.

15 **Q** Okay. And let's look at the document that she attaches.

16 **MS. WEST:** Let's go to Page 4 of this exhibit,
17 please?

18 (Document displayed)

19 **BY MS. WEST:**

20 **Q** If you could just take a look at it, Mr. Manegold. This
21 is -- if you can tell from Page 4, does this appear to be the
22 same document that you forwarded to her?

23 **A** Yes, it does.

24 **Q** The RMI-06 that discusses 10 percent?

25 **A** Yes.

1 Q Let's look at Exhibit 663, please.

2 MR. BAUER: I'm sorry. I missed the number. 653?

3 MS. WEST: 663.

4 BY MS. WEST:

5 Q This an email from you?

6 A Yes, it is.

7 MS. WEST: The Government offers 663.

8 THE COURT: Admitted.

9 (Trial Exhibit 663 received in evidence)

10 MS. WEST: If we could please pull up Page 1?

11 (Document displayed)

12 MS. WEST: Thank you.

13 BY MS. WEST:

14 Q Mr. Manegold, this is an email November 17, 2010 to a
15 Sumeet Singh copying Sara Peralta, is that right?

16 A That's correct.

17 Q Can you tell me who Sumeet Singh is?

18 A I don't know what his job title was at the time, but he
19 was someone within PG&E who was, I think from this email, doing
20 a program review of the Integrity Management Program, or
21 leading one anyway. Maybe coordinating it?

22 Q At some point, do you know, did he become the senior
23 vice-president of Integrity Management?

24 A I think that's his current title.

25 Q Okay. And do you know, was he in that position at this

1 time or not yet?

2 **A** No, he was not.

3 **Q** All right. And you email Mr. Singh:

4 "Sumeet, besides the RMPs, I think a

5 program review should look at RMI-06. Bill."

6 Is that right?

7 **A** That's correct.

8 **Q** Why did you tell him that?

9 **A** Because I was concerned about the language that's shown
10 here.

11 **Q** Okay. When you say "shown here," let's take a look at
12 Page 3 and let's see what you are sending him.

13 **MS. WEST:** If we could enlarge the overpressurization
14 section again?

15 (Document enlarged.)

16 **BY MS. WEST:**

17 **Q** You are sending him RMI-06 with the 10 percent language
18 again, correct?

19 **A** Yes.

20 **Q** Let's look at 674, please.

21 (Witness complied.)

22 **Q** Is 674 an email chain that you are included on?

23 **A** Yes, it is.

24 **MS. WEST:** The Government offers 674.

25 **THE COURT:** 674 is admitted.

1 (Trial Exhibit 674 received in evidence.)

2 **MS. WEST:** Start at the bottom of Page 1, please.

3 (Document displayed)

4 **BY MS. WEST:**

5 **Q** Okay. Mr. Manegold, this is an email from Calvin Lui to
6 Sumeet Singh copying you, is that right?

7 **A** That's correct.

8 **Q** And you're still supervising Calvin Lui at this time?

9 **A** Yes, I am.

10 **Q** The subject is "MOP Plus 10 Exceededss."

11 **A** "10 Percent Exceededss," yes.

12 **Q** Okay. And he says:

13 "Sumeet, I have compiled a list of segments with
14 a long seam threat."

15 And he cites to 917(e)(4), is that right?

16 **A** That's correct.

17 **Q** (As read)

18 "...that have exceeded MOP plus
19 10 percent. Some of the values may need to
20 be verified due to SCADA error, updated pipe
21 specs, et cetera."

22 And then it looks like there is embedded the Excel
23 spreadsheet "MOP Plus 10 Percent"?

24 **A** Yes.

25 **Q** It says:

1 "I can also provide segments that have been
2 overpressured past MOP. However, this list is much
3 more extensive and will require some time. Please
4 let me know if you want me to do this."

5 Do you see that?

6 **A** I do.

7 **Q** Okay. He also says:

8 "Also, I track overpressure events with
9 respect to seem threats."

10 And then he attaches "Gas Events Overpressure Log."

11 Do you know what that is

12 **A** I think I do. I think I do.

13 **Q** What do you think it is?

14 **A** I think it's a list that comes off of our -- primarily
15 from our Gas Event Log that lists all the gas events that
16 involve overpressurization, failure of regulating equipment. I
17 think that's what it is.

18 **Q** Is it limited just to failure of regulating equipment?

19 **A** I don't know. I'd have to see the list. And that might
20 not tell me either, but I don't know.

21 **Q** Mr. Singh responds to Calvin, again copying you, is that
22 right?

23 **A** Yes.

24 **Q** Okay.

25 **MS. WEST:** Let's look at his response, the next email

1 up, please.

2 (Document displayed)

3 **BY MS. WEST:**

4 **Q** He says:

5 "Calvin. Thank you for providing these details.

6 However, please develop a summary chart that shows
7 the number of incidents by year where
8 overpressurization has occurred. Also, my
9 understanding is that the Subpart O requirement
10 states that there is an issue where MOP is exceeded
11 (and not MOP plus 10 percent). Hence, this
12 information is what I would need for my analysis.

13 Thank you."

14 All right. Do you know what analysis Mr. Singh was doing
15 that he's referring to?

16 **A** Sitting here right now? No.

17 **Q** Do you have a memory whether you responded to this email
18 chain?

19 **A** I don't remember, no.

20 **Q** All right.

21 **MS. WEST:** Let's look at the top email, please.

22 (Document displayed)

23 **BY MS. WEST:**

24 **Q** Okay. And this is Mr. Lui's response to Mr. Singh, right?

25 **A** Yes.

1 Q Okay. He says "Sumeet." And then it looks like we have
2 maybe a little bit of a formatting problem here, but he appears
3 to list the years 2005 through 2009, correct?

4 A That's correct.

5 Q And then "Overpressure Events" and it says 9, 10, 5, 3,
6 14; is that right?

7 A That's correct.

8 Q (As read)

9 "The chart above summarizes the number
10 of overpressure events established by the
11 five year high MOP."

12 Do you see that?

13 A I do.

14 Q Okay. Let's take a look at 714, please.

15 (Witness complied.)

16 Q Is Exhibit 714 an email from Sumeet Singh to Sara Peralta
17 forwarding an email from a David Harrison?

18 A Yes.

19 Q And who is David Harrison?

20 A He was a contract employee that worked for PG&E.

21 Q Did he report to you?

22 A At this time -- he had, but I don't think he was reporting
23 to me at this time.

24 Q At this time he was working for PG&E as a contractor?

25 A As a contractor, yes.

1 **MS. WEST:** Government offers Exhibit 714.

2 **THE COURT:** Admitted.

3 (Trial Exhibit 714 received in evidence.)

4 **MS. WEST:** If we can, please, pull up the text here?
5 Thank you.

6 (Document displayed.)

7 **BY MS. WEST:**

8 **Q** Mr. Harrison advises Mr. Singh in this email -- now we're
9 looking at January, 2011, is that right?

10 **A** Yes.

11 **Q** And he says:

12 "Sumeet. Attached is the spreadsheet. I'm
13 afraid that I really did not accomplish anything.
14 Everything that we filled in says no STPR."
15 Is that Strength Test Pressure Report?

16 **A** Yes.

17 **Q** (As read)

18 "Also, I was just comparing to make sure I
19 wasn't missing anything and you realized most of
20 these don't show a strength test in GIS. If the
21 existing GIS does not show an STPR, the chances of us
22 finding one are pretty close to zero."
23 Do you see that?

24 **A** I do.

25 **Q** Okay. And then he finishes:

1 "We will continue to work on this, but the STPR
2 data is not any better."

3 **A** Yes.

4 **Q** Okay. And then do you see that attached to this email, if
5 we look up at the top is, it says "P-increase verification."

6 **A** Yes.

7 **Q** And it seems to be a spreadsheet. "xls," do you see that?

8 **A** Yes.

9 **Q** Do you know whether you've ever looked at that
10 spreadsheet?

11 **A** Again, sitting here now, no, I can't tell you that.

12 **Q** Let's look at Exhibit 717.

13 (Witness complied.)

14 **Q** Is 717 a PG&E email from a Steve Whelan to Ed Salas, who
15 you mentioned?

16 **A** Yes.

17 **MS. WEST:** Government offers 717.

18 **THE COURT:** 717 is admitted.

19 (Trial Exhibit 717 received in evidence.)

20 **MS. WEST:** Pull up Page 1, please.

21 (Document displayed)

22 **MS. WEST:** Thank you.

23 **BY MS. WEST:**

24 **Q** Who is Steve Whelan at this time, do you know?

25 **A** So if I could amend my earlier testimony when I said that

1 Glen Carter reported to Bob Howard. He did up until, I
2 think -- I think Bob Howard retired in, I want to say June of
3 2010 and I believe Steve Whelan was appointed as the interim
4 vice-president. That's my recollection.

5 So Steve Whelan filled the slot in the organization that I
6 think had been previously occupied by Bob Howard prior to his
7 retirement.

8 **Q** Do you know what the work relationship was between Steve
9 Whelan and Ed Salas?

10 **A** So Steve would have reported to Ed.

11 **Q** Ed is above Steve?

12 **A** That's correct.

13 **Q** And there is a Kirk Johnson on here. Who is that, please?

14 **A** At this point I don't know what Kirk's position was.

15 **Q** The subject is "Overpressure." Do you see that?

16 **A** Yes.

17 **Q** And it states:

18 "Engineering is working on the official response
19 to your question about the lines involved in
20 overpressuration. It is taking longer than expected,
21 so I put together the attached Excel spreadsheet from
22 the information that I have."

23 And it says:

24 "The PDF is a copy of the Data Response given to
25 the CPUC in December and the PowerPoint presentation

1 was prepared yesterday and walks through the
2 intentional lines."

3 Were you aware of PG&E providing Data Responses to the
4 CPUC?

5 **A** Yes.

6 **Q** Did you have any role in preparing any Data Responses?

7 **A** Yes.

8 **MS. WEST:** Let's look, please, at Page 2 of this
9 exhibit.

10 (Document displayed)

11 **BY MS. WEST:**

12 **Q** All right. Page 2 says:

13 "Phase 1 - Analysis for intentional
14 overpressure events."

15 Do you see that?

16 **A** I do.

17 **MS. WEST:** And let's look now at Page 3.

18 (Document displayed)

19 **BY MS. WEST:**

20 **Q** I want to look at the "Background" section. There under
21 "Background" it says:

22 "Conduct analysis to answer questions to the
23 CPUC in which PG&E raised the pressure above MAOP on
24 any segment of pipe."

25 "Phase 1" --

1 Which is what we just looked at on the prior page, right?

2 **A** Yes.

3 **Q** (As read)

4 "PG&E intentionally raised the pressure to
5 maintain a given level of MAOP.

6 "Phase 2: Confirmed instance where PG&E
7 unintentionally exceeded the MAOP."

8 Let's look at Page 4.

9 **MS. WEST:** Can we expand the top half of this,
10 please? Thank you.

11 (Document displayed)

12 **BY MS. WEST:**

13 **Q** This page is entitled "Approach," right?

14 **A** Yes.

15 **Q** It says.

16 "Pipeline Segment Identification: GIS used to
17 identify segments with manufacturing seam threat
18 consisting of."

19 And then there is two things listed, right?

20 **A** That's correct.

21 **Q** Pre-1970 ERW pipe?

22 **A** Yes.

23 **Q** And pipe with joint efficiency less than one?

24 **A** Yes.

25 **Q** All right. And let's go to the bottom half of this page

1 where it says "Event Identification." Do you see that?

2 **A** I do.

3 **Q** (As read

4 "For identified pipeline segments with
5 manufacturing seam threat, referenced integrity
6 management database for instances of intentional
7 pressure increase."

8 **A** Yes.

9 **Q** All right. And then the first dash there talks about:

10 "Initiated tracking of instances in 2003 to
11 comply with the requirements of Subpart O."
12 Yes?

13 **A** 49 CFR 192 Subpart O, yes.

14 **Q** Okay. And then the second dash says:

15 "Annual comparison of SCADA Gas Historian data."

16 And it has a little Footnote 1, which refers to the bottom
17 there. It says:

18 "Based on hourly pressure average data."

19 Do you see that?

20 **A** Yes.

21 **Q** And do you know whether SCADA maintained data in
22 increments less than one hour?

23 **A** It depends on the time period, but the more recent data,
24 yes. Older data, I don't think so, but I'm not sure.

25 **Q** Do you know what -- when that changed?

1 **A** I used to, but I don't know now.

2 **Q** Okay. And did it end up maintaining at some point at
3 twenty second increments?

4 **A** It could have. I just don't remember what the minimum --

5 **Q** Fair enough.

6 **A** -- sampling was.

7 **Q** So it says:

8 "Data performed for dates of pressure
9 exercise increase with:

10 "1. Highest operating pressure
11 experienced in a five year window when a
12 segment is identified in an HCA beginning in
13 2003.

14 "2. System MOP based on the weakest link of the
15 respective pipeline segment."

16 Is that right?

17 **A** That's correct.

18 **Q** Okay. And then:

19 "Highest SCADA pressure reading used for all
20 segments for the identified pipelines."

21 **A** Yes.

22 **Q** Let's look at Page 5.

23 (Document displayed)

24 **Q** And the top of Page 5 is the "Number of Events." And we
25 have got a footnote which refers to the "hourly pressure

1 average data." Do you see that?

2 **A** Okay. Yep.

3 **Q** And it says 16 is the total number of events?

4 **A** Yes.

5 **Q** And then the second bullet point talks about the number of
6 pipelines involved. It's got 12. Do you see that?

7 **A** Yes.

8 **Q** Among those Line 107, 109 and 132?

9 **A** Yes.

10 **Q** And then the third bullet point is number of miles, and
11 the total there is 46.5. And it says "HCA Miles," is that
12 right?

13 **A** Yes.

14 **Q** Let's look at the next page, if you would.

15 (Document displayed)

16 **Q** There's "Additional Analysis." If we look at the bottom
17 two bullet points, it says:

18 "Conducted records review to verify seam type
19 and MAOP data in GIS."

20 And it says it excluded segments with DSAW seam. Do you
21 know why that is or why that would be?

22 **A** I assume they are interested in just the segments that are
23 subject to the requirements of the Appendix A in B31.8S, which
24 doesn't include DSAW pipe.

25 **Q** Okay. And are you thinking -- do you have (e)(4) in mind

1 with ERW?

2 **A** Yes.

3 **Q** The last bullet point says:

4 "Pipeline engineering performed review of
5 segments to identify uprate or replacement work
6 performed that may not have been reflected in GIS."

7 Do you see that?

8 **A** Yes.

9 **Q** Let's look at the next page, please.

10 (Document displayed)

11 **Q** It's "Records Review Results." Do you see that?

12 **A** Yes.

13 **Q** Okay. And we've got two charts here "Seam Type" and
14 "MAOP"?

15 **A** Yes.

16 **Q** All right. And I'm interested in the "Total" column at
17 the bottom. It lists different seams along the left column,
18 right?

19 **A** Yes.

20 **Q** Long seam type?

21 **A** Yes.

22 **Q** Okay. And then the total in the second column says --
23 "HCA Miles" is the title of that second column?

24 **A** Yes.

25 **Q** And the total is the 46.5 that we saw a moment ago?

1 **A** Yes.

2 **Q** Okay. And then look at the last column over on the right
3 where it says "Unconfirmed." And there is a footnote. Do you
4 see that Footnote 1? It says:

5 "Job files could not" --

6 **MS. WEST:** Could we expand that footnote there at the
7 bottom, please?

8 (Document enlarged.)

9 **MS. WEST:** Thank you. I'm not sure that helps,
10 but...

11 **BY MS. WEST:**

12 **Q** (As read)

13 "Job files could not readily be located and
14 require additional research or job files did not
15 definitively confirm GIS data."

16 Do you see that?

17 **A** I do.

18 **Q** Okay. And the number of unconfirmed miles is 34.4?

19 **A** Yes.

20 **Q** All right. So the number of confirmed HCA miles here,
21 which is the third column, is 11.9, right?

22 **A** Correct.

23 **Q** All right. So the balance is unconfirmed, yes?

24 **A** Yeah.

25 **Q** I want to take a look at one of the attachments here.

1 **MS. WEST:** If we could pull up the attachment that is
2 the consolidated sheet. Do you see that?

3 I think we may need to go back to Page 1 to get the
4 consolidated sheet. Let's see.

5 **THE COURT:** While they are doing that, let's start
6 winding this down. I am on a very tight schedule.

7 **MS. WEST:** Yes.

8 (Brief pause.)

9 **MS. WEST:** I'm looking for the consolidated sheet on
10 717.

11 (Document displayed.)

12 **MS. WEST:** Thank you.

13 **BY MS. WEST:**

14 **Q** Do you -- do you see this in front of you? It's also --

15 **A** Do you want me to find it here or just here (indicating)?

16 **Q** You can look at it on Pages --

17 **A** Okay. I'll look at it on the screen.

18 **Q** Okay. It's also on Pages 18, 19 and 20 in front of you.

19 **A** That's fine.

20 **Q** Okay. Mr. Manegold, do you see that it says at the top
21 there:

22 "This list below only includes
23 transmission lines."

24 **A** Yes.

25 **Q** All right. So do you see that this is a list of

1 exceedances on transmission lines?

2 **A** I see that it says "exceed five year MOP."

3 **Q** Well, many of them say that. Some say other things, is
4 that right, if you want to look through?

5 **A** Okay. Well, so what page is it on? I can only see what's
6 on the screen there and I only see "exceed five year MOP."

7 **Q** Why don't you look at the pages in front you, 18, 19 and
8 20 of this exhibit.

9 (Witness complied.)

10 **A** 17 pages. 18, 19 and 20... I'm on the wrong exhibit, I
11 guess. Is it -- what's the --

12 **Q** 717.

13 **A** Okay.

14 **Q** Pages 18, 19 and 20.

15 **A** It looks like mine stops at 13. Am I reading the wrong
16 thing?

17 **Q** That's all right. Do you know why this data was being
18 gathered?

19 **A** No.

20 **Q** Have you heard of something called a critical or --
21 something called CIMT?

22 **A** Right now that -- those letters don't mean anything to me.

23 **Q** All right. Let's take a look at 725, please.

24 **A** 725?
25

1 Q Yes.

2 A I don't think I have that in the book.

3 Q You do not?

4 A I have 722 and 728.

5 Q All right.

6 MR. BAUER: I'm missing that as well.

7 MS. WEST: Okay.

8 BY MS. WEST:

9 Q Let's go to 756.

10 A Okay.

11 Q Is this an email, originally from you, that gets
12 forwarded?

13 A Yes.

14 MS. WEST: Government offers 756.

15 THE COURT: 756 is admitted.

16 (Trial Exhibit 756 received in evidence.)

17 MS. WEST: Can we please pull up Page 1?

18 (Document displayed)

19 BY MS. WEST:

20 Q Now, the bottom email here, Mr. Manegold, is again your
21 interpretation of what activates the manufacturing threat,
22 correct?

23 A It was the draft memo that I wrote, correct.

24 Q All right. And you had sent this -- you had sent to it
25 Sara Burke, Calvin Lui, et cetera?

1 **A** Right. For comment, right.

2 **Q** Here, if we look at the top of this chain, it says it's
3 from Calvin Lui to a Justin Aragon?

4 **A** Yes.

5 **Q** Do you know who that is?

6 **A** I believe Justin was an attorney contracted to PG&E. He
7 worked for Orrick.

8 **Q** And you're copied on this email?

9 **A** Yes.

10 **Q** And the date is February 18, 2011?

11 **A** Yes.

12 **Q** And it appears to be forwarding your "10 percent
13 allowance" document, correct?

14 **A** That draft memo, right.

15 **Q** Do you know why this was forwarded?

16 **A** No.

17 **Q** You don't know why it was forwarded to a contract
18 attorney?

19 **A** No.

20 **MS. WEST:** Could we have a couple more minutes, your
21 Honor? I can get probably through two more exhibits in a
22 couple minutes.

23 **THE COURT:** Okay.

24 **BY MS. WEST:**

25 **Q** Let's look at 767, please.

1 (Witness complied.)

2 **Q** 767 is an email from a Peter Katchmar to Bob Fassett?

3 **A** Yes.

4 **Q** Do you know who Peter Katchmar is?

5 **A** I think so.

6 **Q** Is he a PHMSA --

7 **A** He's a PHMSA inspector who was a member of the NTSB
8 investigation board and he was also a member of the audit team
9 that -- that audited PG&E in April of 2011.

10 **MS. WEST:** The Government offers Exhibit 767.

11 **MR. BAUER:** Objection. This one was withdrawn also.

12 **MS. WEST:** The Government --

13 **THE COURT:** I'm sorry. This one was what?

14 **MR. BAUER:** The Government withdrew this exhibit,
15 too, your Honor.

16 **MS. WEST:** Your Honor, the Government had withdrawn
17 it and then advised PG&E a couple of days ago that it intended
18 to offer it again.

19 **THE COURT:** Well, we don't -- let's take this up next
20 week. I'm not going to -- be ready to argue it and we'll start
21 there.

22 **MS. WEST:** All right. Now would be a good time to
23 break then.

24 **THE COURT:** Okay. We're in recess in a moment until
25 9:00 o'clock next Tuesday. Have a good weekend.

1 Very briefly, I'll remind you of your admonitions. Do not
2 talk about this case among yourselves or with others. Don't do
3 any independent research of any kind over the weekend or during
4 this trial, in fact. And do not let any third person discuss
5 this case to you or in your presence. And if anyone does, I
6 ask that you let me know immediately.

7 Court is adjourned. Have a good weekend.

8 (Jury exits courtroom at 11:56 a.m.)

9 **THE COURT:** Okay, we're in recess.

10 Monday I'd like you to update your estimate of how long
11 your case will take. I believe we started off estimating that
12 it would end mid next week. Let me know how far off that was
13 to the best of your ability. Okay?

14 **MS. WEST:** Yes.

15 **MR. BAUER:** I haven't had a chance to talk to my team
16 about this, but as I'm looking at these documents coming in, I
17 think I'd like permission to file a short brief for you to read
18 on Monday, as I -- as I try to be clear on what I can ask and
19 what I can't ask related to San Bruno. I don't want to -- I
20 know if I ask a question, the Government is going to say:
21 You've opened the door. And so I don't want to have that fight
22 from a position of weakness.

23 **THE COURT:** Nor do I.

24 **MR. BAUER:** But many of these, the explanation for
25 why people are doing program reviews, of course, is because

1 they were looking at the program afterwards. So I just want to
2 be careful about that.

3 **THE COURT:** Okay. When do you want to do that?

4 **MR. BAUER:** If I could just file something? If I
5 file something on Monday, Monday morning or something, just so
6 you have a chance to see it and think about it.

7 **THE COURT:** Okay. When will you file that?

8 **MR. BAUER:** I can do it before 9:00 o'clock Monday
9 morning. How is that?

10 **THE COURT:** Okay, that's fine.

11 How does our Monday afternoon look, Tracy? That's usually
12 better.

13 (Discussion held off the record between the Court and the
14 Courtroom Deputy.)

15 **THE COURT:** We're going to have to do it fairly late.
16 4:00 o'clock Monday, how will that work for everyone?

17 **MR. BAUER:** I think I will still be awake by then,
18 your Honor.

19 **THE COURT:** Okay. Let's plan to discuss this
20 thoroughly at 4:00 o'clock Monday.

21 **MS. WEST:** Will the Court want a written response
22 from the Government? I fear if so, I need to ask for more than
23 two hours this time.

24 **THE COURT:** I will leave that to you. You can argue
25 it orally, but if you want to have a written response, I'll

1 need it before 4:00 o'clock.

2 **MS. WEST:** Well, that's why I wonder if the Court
3 would like a written response, if perhaps the defense could
4 file by Sunday, then we could provide that to the Court Monday
5 morning.

6 **THE COURT:** Is that doable?

7 **MR. BAUER:** If -- end of the day Sunday or something,
8 right? I'm not sure I can think this through in one day.

9 **THE COURT:** That's fine. Let's do that.

10 **MS. WEST:** Perhaps --

11 **THE COURT:** We need to be explicit. End of the day
12 Sunday is what time?

13 **MR. BAUER:** Oh, for us? I mean, we're -- I'm in the
14 saddle until 11:00 o'clock every night, your Honor.

15 **THE COURT:** We notice. Okay.

16 **MS. WEST:** So then can the Government have until noon
17 on Monday, your Honor, to respond? If they file at midnight, I
18 wouldn't be able to respond.

19 **THE COURT:** You can have until noon --

20 **MS. WEST:** Thank you.

21 **THE COURT:** -- Monday.

22 **MS. WEST:** Thank you.

23 **THE COURT:** So we're all set. Okay. Court is --

24 **MS. HOFFMAN:** Your Honor, I know you're rushing off
25 to a medical appointment and I hate to do this, but I know

1 we're also supposed to bring matters right away to the Court.

2 We were handed this morning a new defense exhibit that
3 we've never been provided before. It's over 300 pages. It's
4 the additional STPRs.

5 And I know I brought this up previously when we were
6 saddled with over 3,000, but that was before trial. Now we're
7 a month into trial.

8 If your Honor is going to allow this sort of late
9 production, we would ask to be given a detailed index of these
10 300-plus documents; what line they pertain to, what mile post
11 they pertain to. Because there is no way we can incorporate
12 this. They gave it to us today for a witness who is the next
13 witness intending to testify.

14 **THE COURT:** Who is that next witness?

15 **MS. HOFFMAN:** Todd Hogenson.

16 **THE COURT:** Well, you may -- because I'm getting
17 really tired of this crap. You can tell by that word that I am
18 really getting tired of it. You may want to consider whether
19 you're even going to show this -- present this person until I
20 iron this out. I'm tired of staying up late at night, and she
21 stays up later because of this game playing you're doing.

22 So we'll talk about it, but we're not going to cram this
23 down my throat. We'll solve this in due time and if you have
24 to call this person out of order, that's what we'll do. Am I
25 clear?

1 **MS. DYER:** Yes, your Honor. We would be happy to
2 address it on Monday afternoon if that's convenient.

3 **THE COURT:** We will do that.

4 **THE CLERK:** Court is in recess.

5 (Whereupon at 12:02 p.m. further proceedings
6 in the above-entitled cause was adjourned until
7 until Monday, July 13, 2016 at 4:00 p.m.)

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CERTIFICATE OF REPORTER

We certify that the foregoing is a correct transcript from
the record of proceedings in the above-entitled matter.

_____/s/ Debra L. Pas

Debra L. Pas, CSR 11916, CRR, RMR, RPR

_____/s/ Belle Ball

Belle Ball, CSR 8785, CRR, RMR, RPR

Friday, July 8, 2016